

REPORT ON PROCEEDINGS BEFORE

STANDING COMMITTEE ON SOCIAL ISSUES

INQUIRY INTO NEW SOUTH WALES UNIVERSITY SECTOR

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At Macquarie Room, Parliament House, Sydney, on Friday 7 November 2025

The Committee met at 10:00.

PRESENT

The Hon. Dr Sarah Kaine (Chair)

The Hon. Anthony D'Adam

The Hon. Rachel Merton

The Hon. Emily Suvaal

PRESENT VIA VIDEOCONFERENCE

Ms Abigail Boyd

The Hon. Sarah Mitchell (Deputy Chair)

The Hon. Bob Nanva

* Please note:

[inaudible] is used when audio words cannot be deciphered.

[audio malfunction] is used when words are lost due to a technical malfunction.

[disorder] is used when members or witnesses speak over one another.

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The CHAIR: Welcome to the first hearing of the inquiry of the Standing Committee on Social Issues into the New South Wales university sector. I acknowledge the Gadigal people of the Eora nation, the traditional custodians of the lands on which we are meeting today. I pay my respects to Elders past and present, and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of New South Wales. I also acknowledge and pay my respects to any Aboriginal and Torres Strait Islander people joining us today.

My name is Sarah Kaine, and I'm the Chair of the Committee. I ask everyone in the room to turn their mobile phones to silent. Parliamentary privilege applies to witnesses in relation to the evidence they give today. However, it does not apply to what witnesses say outside of the hearing. I urge witnesses to be careful about making comments to the media or to others after completing their evidence. In addition, the Legislative Council has adopted rules to provide procedural fairness for inquiry participants. I encourage Committee members and witnesses to be mindful of these procedures.

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Professor KATIE BARCLAY, Australian Research Council Future Fellow and Professor in History, Macquarie University, affirmed and examined

Dr THOMAS CLARKE, Visiting Professor, University of Technology Sydney, affirmed and examined

Professor JOHN QUIGGIN, Professor of Economics, University of Queensland, before the Committee via videoconference, affirmed and examined

The CHAIR: Welcome to our first panel of witnesses. Thank you very much for making the time to give evidence. I understand how busy you all are. Before we begin, would any of you like to start by making a short statement?

KATIE BARCLAY: I've prepared one. The purpose of universities is the preservation, creation and dissemination of knowledge, not least through the provision of education. Many commentaries on the contemporary university place emphasis on the latter parts of this purpose—creation and dissemination. Preservation is increasingly left behind. Universities are now governed such that if somewhere in the institution people are conducting research and others are learning, then the university has met its purpose. What knowledge is being created and taught is now of little interest. Rather money becomes a proxy for success. Research that brings in large grants is more valuable than cheaper areas of work, regardless of the impact or value. Courses that recruit more students are more successful than those that have less. Courses with few students can be culled.

The problem with university governance is that it has placed money as the governing logic of the institution, overriding its fundamental mission. Along the way, that universities should also preserve knowledge has been missed. World-changing research is dropped; valuable archives and biological samples are binned; and experts, whose skills and knowledge have been built over years, are made redundant overnight. Research-led teaching drawing on that expertise has been replaced with large, generic courses that can be taught by anyone in a subject area, a decision that undermines the maintenance of knowledge over generations. That universities safeguard democracy and act as the nation's critical friend through the production of active and engaged citizens has been downplayed for utilitarian training. University governing bodies make no effort to consider what is lost in these processes or to reflect on the bigger picture of what is needed to ensure that Australia has a rich storehouse of knowledge and expertise, ready to be drawn on when it is needed in a rapidly changing and unstable world.

Reform of governance requires greater vision. We need to ensure that a broad and diverse body of knowledge is maintained and sustained across generations, that the education we provide offers a transformational experience to our students and that the rationale, funding and governance of universities enables that. This is not a project that can occur within individual institutions in isolation. Rather, incentives and support need to be put in place to enable cooperation across the research and education ecosystem. Expertise needs to be recognised as something that is hard won, labour intensive and not easy to recreate when its generational pathways are disrupted. State governments have increasingly stepped back from their involvement in higher education. However, the responsibility to ensure that Australia remains the "clever country" falls upon us all. A retreat to economic rationales and utilitarian education comes at a loss to our capacity to understand ourselves and others and to equip ourselves for a vibrant and as yet unknown future.

The CHAIR: Professor Clarke?

THOMAS CLARKE: I wish I'd written the brilliant statement that Katie has. I've actually talked about myself in my introduction. I'm a living monument to corporate governance, and that might influence your views of what I might say later concerning this inquiry. I've been professor of corporate governance since 1992 at Leeds Business School, and subsequently at CEIBS in China and at UTS. In London, after my professorial appointment, I was a member of the Task Force of the Royal Society of Arts Tomorrow's Company inquiry. This inquiry into the sources of sustainable business success was funded by 25 leading international organisations. I drafted the original manifesto of the inquiry, which was subsequently published as a book by the Financial Times Press called *Rethinking the Company*. It was published in four languages and internationally. I worked with Sir Adrian Cadbury at the time he was drafting the first code of corporate governance for the London Stock Exchange in 1992. This code was subsequently adopted by almost 100 countries, including Australia.

In Australia, I was director of the UTS Centre for Corporate Governance, launched in 2002 at the CBA by David Murray and Catherine Livingstone. Adrian Cadbury also flew in from Britain. He was chancellor of Aston University at the time; he delivered the degrees there for three days and then raced across the world to come to Sydney. He was also kind enough to write the substantive forwards to three of my books. The latest book I've written, published with Cambridge University Press, is called *The Governance of Higher Education*, written with Brendan Maloney. I've completed three major Australian Research Council funded research grants. One was with a leading Australian law firm on the changing roles of boards and directors; another was with the Australian

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Government Treasury on the governance of small corporations; and the third is with the Professional Standards Council on the governance of financial institutions. I also directed for the WGEA the 2012 Australian census of women in leadership, which was launched by Quentin Bryce, the then Governor-General of Australia.

Turning to the work of this inquiry, I support the recommendations of the national accord, the Senate inquiry and the bulk of the evidence to this parliamentary inquiry that there has been a mission drift in the governance of Australian universities in recent decades. I commend the authority and the detail of the NTEU's forensic analysis, which is coming next, of the governance in New South Wales universities. I support their call for an independent audit and for a university governance and transparency Act to enhance the transparency and provide greater accountability to the communities that the universities serve. I fully understand that universities must attend to their financial responsibilities, but not at the cost of vital parts of higher education provision, such as primary education and public health care. This essential provision can be maintained while sustaining the financial probity of universities, as my learned colleagues from the UTS school of accounting have shown with regard to their reformulation of the UTS accounts, which you'll be hearing about later today.

As I suggest in my paper to the inquiry, I do believe we can be confident about the future of higher education in a knowledge-based economy. Meanwhile, we must not lose sight of the social licence of the universities to operate. I believe that unnecessary course closures and compulsory redundancies will prove very corrosive—and possibly permanently corrosive—to both the morale and the commitment of university staff, and also betray New South Wales community in terms of the provision of essential services such as primary school education, preparation and public health care. There is a brighter and better future for New South Wales higher education if the governance of the universities can be revived and accountability to the wider community restored.

The CHAIR: Professor Quiggin?

JOHN QUIGGIN: Thank you for inviting me to appear before this Committee. It's of course important, in view of the failures we're seeing in New South Wales universities, that the Parliament should look at this, but we're seeing the same failings in every other State and in all universities. This reflects a fundamental problem illustrated by the holding of this inquiry—namely, that all universities in Australia, with the partial exception of a couple of ACT-based ones, operate under State government legislation, even though the State governments have little or nothing to do with their management, do not provide their funding and therefore have very little interest, most of the time, in what's happening in universities. We have a situation where universities are accountable neither to State governments, really—although perhaps there's a legal obligation—to the Federal Government or to the Australian community. This is an entirely unsatisfactory situation. When it is combined with the general drift towards managerialism in society, it is unsurprising that university managers, who typically refer to themselves as "the universities", see themselves as the chief executive officers of corporations which are in competition with each other in a market for education.

There are many steps that need to be taken to remedy this, but the first is for State governments to get out of the business of regulating universities altogether and to refer the relevant powers to the Commonwealth. It's then necessary to force the Commonwealth Government to take responsibility for universities in a way that it has failed to do. But, thanks to the fact there is no legislative obligation, the Commonwealth has been successful in shifting the blame for failures of university governance onto the individual universities rather than sharing in that blame as it should.

The CHAIR: We're going to now go to questions, and we'll share those amongst the different members of the Committee. If I could begin, I wanted to start with a question to you, Professor Clarke, that is also resonant, given Professor Quiggin's introductory statement. You obviously have vast experience with regard to corporate boards and governance as well as in the university sector. It's been suggested to me in other forums that university councils should operate like corporate boards and, just like corporate boards, they should be left alone without external influence on the direction that they take—that they should be self-directing and be considering, largely, the financials. Do you have a response to that suggestion?

THOMAS CLARKE: I do, Chair. Firstly, corporate boards themselves have been under increasing pressure in recent decades to adopt a stakeholder approach and to be much closer to the constituents—not just the investors but their customers, their employees and the wider community. So the idea of an isolated corporate board is not one that's very prevalent today. With regard to universities, they clearly have a social mission, both economically and socially, in the communities and the regions in which they serve. That social mission can only be reinforced and committed to if there are representatives of the community of the region on the university councils in question. I really think that suggesting corporate boards as a model isolated from the community is not in any way appropriate to the mission and the purpose of our universities.

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The CHAIR: Would you go as far as to say that that suggestion or that move actually is not reading where the state of corporate governance is in the private sector? So it hasn't kept pace. Even if you were to say that universities—they're not keeping up with those moves towards external stakeholder engagement?

THOMAS CLARKE: Yes. I think the enthusiasm for the emulation of the private sector in our universities has been so keen that they've actually adopted practices that were abandoned by the private sector some decades ago, particularly the awards of vast remuneration without any justification, but also in the sense of a community that is being increasingly embraced by private corporations towards their employees, towards the wider community and their customers. I fear that the universities are drifting into some nightmare scenario which can only end in tears and which is already disrupted. In my view, it's an admirable achievement in Australia—of our universities that are respected around the world and which are such a powerful magnet for overseas students.

The CHAIR: Professor Quiggin, in your submission you talk about the imposition of corporate culture and the lack of constraints. Did you want to expand on Professor Clarke's answer?

JOHN QUIGGIN: Sure. Even if you take the old-fashioned view that a corporate board should be solely responsible to its shareholders, [inaudible].

The CHAIR: Professor Quiggin, can I ask a favour? We're having problems with the sound. Could you just talk a bit slower and as clearly as you possibly can?

JOHN QUIGGIN: Even if you take the traditional view of a corporate board as being responsive solely to shareholders, it's not an analogy for university councils because there are no shareholders. In principle, they have to submit a report to the State education Minister whose hands are full dealing with problems at school education. In practice, most of the time they are, in effect, just an echo chamber—a rubber stamp—for the vice-chancellor or CEO. Occasionally, the chancellor gets active too, but there is no analogue to shareholders. There's no measure of responsibility and there is no global mission. Although universities have mission statements, the Australian university sector as a whole does not have the mission of providing education to all Australians who are capable of benefiting from it. It doesn't have any social mission whatsoever that's formal. What we see is essentially a corporation that has been captured by its own managers.

The CHAIR: Professor Barclay, you speak a little bit about the problem with centralised institutions. Is that related to what we've just heard?

KATIE BARCLAY: It's fascinating to me because I feel like we've taken models from the business world and put them onto universities as if that logic will somehow work in that institution, and it doesn't. It also upsets our staff and employees because we feel that we're being forced to behave, manage and understand ourselves in particular ways that do not account for what we understand to be our mission and purpose in the world. We now have strategic plans and corporate values that we have to affirm to. Corporate values is a great example because our corporate value as academics is academic freedom. We believe, in that case, that you should get to have all sorts of opinions, ideas and values within a single institution. The idea that we have five now and that we all have to show up for them doesn't really make sense. It has no logic within how we think of what a university is and the diversity that we want to encourage in ideas.

Similarly, we have strategic plans, but we are basically institutions full of entrepreneurs who are running around doing their own research. The money that feeds the university comes from these entrepreneurs, who are completely ignoring the strategic plan because it's completely irrelevant to them. It's like we brought these ideas from the business world to try to apply them, and they basically fail above the top level, but they cost a lot of money. There are many hours of work in creating things like a strategic plan, and it goes nowhere. I think that this logic of the business world doesn't make sense within how institutions understand themselves or how they actually operate. We spend a lot of time playing the game of looking like a business without having any impact on how we function, other than it causing a lot of distress.

The CHAIR: All of you talk about a different model of governance in your submissions. Professor Clarke, you went into this in most detail, given your background. You talk about state-of-the-art, robust, active and fully representative governance with the purpose of sustainable value creation. Could you talk a bit about what that looks like for a university? What does that governance model look like for a university?

THOMAS CLARKE: The universities have been very good at the form of governance. They've got the form there in terms of wider representation, apparently, but it's not the substance. What actually happens is that there is a coalition of the enlarging university executive with the external business representatives and others, which forms a natural majority on the university council. There is very little possibility of even any change to policies that are put forward by the executive, let alone rejection of those policies. Everything is manufactured and manicured to pass through what are becoming increasingly nominal procedures. This wasn't the case in the past. Decades ago, both at the university council and at the academic board, in this country and in others, there

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was very wide and open contribution to the strategic direction of the university, and the universities were stronger for it. I fear that we're now in a situation where fundamental mistakes could be made in terms of strategic direction and not altered in terms of an ill-functioning governance system.

The CHAIR: Recently, all who were interested in this space have been looking at what's happened at ANU. The ANU situation there was that a group of academics and professional staff started something called the ANU Governance Project. I believe that UTS has a similar project underway. I wondered if you could speak to that kind of example and what that can result in when the actual stakeholders start taking a bit more interest and control of governance.

THOMAS CLARKE: What the recently departed vice-chancellor at ANU accomplished was reawakening the staff to what was happening at the university. They could not believe the restructuring proposals of the university senate and of the vice-chancellor. They felt it was hugely damaging to the future prospects of the university, and they resisted to the point where the vice-chancellor tendered her resignation. I understand now, with the new acting vice-chancellor, that there has been a re-thinking of those proposals, and a much more consensual and future-looking set of principles are being established, which will guide the ANU further in its future.

The CHAIR: Professor Barclay, do you have a comment on what the alternative looks like to what we've seen as the corporatisation of governance?

KATIE BARCLAY: I think it's a more democratic model that involves people in decisions more readily. The current problem, in a way, is the way the problem gets framed when we have, say, a financial problem. First of all, we don't get to see the accounts. Having seen the accounts of universities, having been on a university council, it's not really going to help you understand what's going on in the institution anyway, because of how they are modelled. Instead, they say, "The problem is we have no money and here is your option." You can say, "We think this is bad," but because you don't have the access to the data that they use to make these cases, it's very hard to offer alternatives. Basically, anything that the executive comes up with is what happens. The consultation process doesn't actually allow us to be consultative. It doesn't allow us to have our voices matter.

What will have to happen is to have the information that we need provided to us. There needs to be greater transparency of how we work, how the institution's monies flow into systems and where it goes, and to allow the corporate body of the university to engage in the conversation about the right place for that money and how it should be spent. But that requires much more opening and awareness of how universities are spending and what they're spending on. That needs to be made accessible in ways that people understand, and they can read and see it, so they can make decisions.

The CHAIR: Professor Quiggin, we've gone low tech. We've got you on the phone now. You advocated in your submission for a collegial model of governance. Collegial model is a term that's thrown around as an alternative quite a lot. What is it that you mean by that and why is it preferable?

JOHN QUIGGIN: It refers to the kind of model of governance that precedes the current era, where the university saw itself as, in the strongest terms, a community of scholars, researchers and learners rather than, as we now see in the names of bodies like Universities Australia, a collection of 39 independent and competing businesses in which the university is, in effect, the CEO. That entails the kind of stakeholder model that the other witnesses have spoken about. It also entails collegiality at a higher level—that is, that the universities should see themselves as part of a national post-school education system rather than, in effect, a series of not-for-profit businesses each running in competition with the others.

The CHAIR: Is there anything else specifically? Of course this is an inquiry where we're looking to see the specifics of what might be done. There's this idea of a collegial model. Professor Clarke, you spoke about the current constitution of councils and where people come from. What are the particular characteristics of a more collegial structure? I'll open that to anyone who wants to jump in first.

THOMAS CLARKE: The characteristics would be that it was possible to engage in open discussion and possible to seriously consider alternatives. Back in the UK, I attended, as a young lecturer, my first university council. The vice-chancellor moved, in the first moments of the meeting, two motions. One was to award all the professors, who were actually the heads of school, a serious pay award, and the second one was to propose compulsory redundancies because we were short of funds. I moved two amendments. The first was that the professors had to defer their pay award, and the second was the compulsory redundancies should become voluntary.

Both amendments were passed. It wasn't because of the eloquence of my arguments. It was because, on the council at the time, there were representatives of the county council, who was our funder; the city council of where we were situated; and the wider public, including a representative of the wider trade union movement. The

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vice-chancellor could not impose what were illogical and contradictory policies without being checked. Today that wouldn't happen. The formation of the bloc of executive power is impregnable. What we do need is full recognition of the rights and responsibilities and contributions that can be made by the wider academic community and the wider regional community to these incredibly important institutions.

The CHAIR: Professor Barclay, you've already spoken about transparency. Do you have anything further to add in terms of characteristics?

KATIE BARCLAY: I think we should also put more emphasis on relationality. We put a lot of emphasis on policy and procedure. What I think has happened in universities is that the things that are not captured under policy or under procedure are missed. I think wage theft is the great example of that. It was literally nobody's job in the university to make sure that people were getting paid properly for their hours. When people complained about it—and we knew this was a problem for a long time—everybody said, "That's not my remit. It's not my job. It's not their job." Everybody passed the buck to someone else because it was nobody's job to do that. I think, in a way, that we want institutions that are truly, genuinely caring, in the sense that we go, "Hang on. There's a problem." It's not enough to say, "It's not in my job remit." It's enough to say, "We have relationships with our staff or our student body." We have to create systems to meet these needs and think about how we actually encourage something that is not so policy driven or so procedural, that actually allows us to be responsive and to make sure that gaps like that and problems like that don't arise.

The Hon. ANTHONY D'ADAM: I want to perhaps pose a question around—you've spoken about the stakeholders and you've sort of elaborated on that. I suppose the real question is the balance of the stakeholders. The sector has obviously changed dramatically, with a shift to an increasing reliance on overseas students. I think the university sector is now our third biggest export industry, and I think in New South Wales it's the second biggest. There's obviously a big economic interest there, which perhaps goes to an argument about who actually our universities are there to serve. Should we give primacy to the economic value that universities contribute? Or should we be looking at the domestic, cultural, social role that universities play? When we allocate the stakeholder weight in terms of the governance, how should we decide between those competing and, in some sense, mutually exclusive interests? If you give prevalence to the export-oriented, economic value argument, then obviously you're going to give greater weight to that in the governance of the university—or the domestic interests and the cultural, social, political interests of having a university sector that contributes to Australian society.

The CHAIR: I'm going to jump to Professor Quiggin first, because he's ready to go.

JOHN QUIGGIN: As I mentioned in my submission, I think this is one area where the model we have of, essentially, competing institutions fails most miserably. Obviously it is, as you mentioned, a major export industry. It's a major part of our immigration policy and it's university financing, but these things aren't integrated in any way. The universities go out, as they have to, in some sense, and recruit international students. They're then repeatedly blamed by Federal education Ministers for their excessive reliance on this source. Very much the kind of culture we're seeing in the universities reflects the fact that a large part of them is essentially a for-profit export education business. We certainly need international students, but we need that to be handled by a national and consistent policy, rather than the kind of repeated crises we've seen over past years. As I said, the first step in that is to force the Federal Government to take proper responsibility for a sector which it controls in practice but for which it takes no responsibility when things go wrong.

THOMAS CLARKE: I would demur from my colleague on this point. I do think that the national Government has a role to play, but I also think that the State Government must have a role in these institutions that are going to be absolutely critical not just to the future of education but to the future of the economy and the knowledge-based businesses that we will increasingly encounter. I'd like to return to the nuanced understanding of how democratic representation should be provided. I think that the proposal that there needs to be a balance between social and economic interests is really important, and it's clearly a very narrow business focus that's now most dominant on university councils. There needs to be a broader view of what the economy is. It's a much wider and more complex feature than a few leading corporations—and also, of course, social responsibilities too.

Touching on international students, they do get a bit of a raw deal, and I think that every university that's receiving very substantial funds from overseas students should have a representative of the overseas students on all of the relevant bodies to represent those interests. They've had bad press, our overseas students, for some years. But if you look at where they're coming from—essentially, China and India—they are the two greatest knowledge economies emerging. They're beginning to challenge the United States, and they will proceed to do so. Suddenly they will become a lot more attractive partners than they may appear at present. I mean, we wouldn't be turning away students from California at the moment, and I don't think that we should be turning away students from China or India, when they're going to go back to their countries and form these incredibly important corporations of the future.

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KATIE BARCLAY: I think that we should also not put too much emphasis on the composition of the council as the only place where governance happens in the institution. Your average council meets eight times a year for two hours. They go through a lot of material. There's not that much conversation because there just isn't time. Even if we did have a very engaged student on the council, they might get to say one sentence in a two-hour meeting, so I don't know that the nature of how governance happens in councils is of the kind where democracy is really going to be supported in that way.

Instead, I think we need to encourage our institutions to create spaces within the university that allow for those voices to actually be heard. Perhaps we need more international student organisations, just as we have a domestic student organisation. We perhaps need more committees that are actually just around thinking about how you govern a university well and allowing people to vocalise their needs and their problems and the concerns that they have, which can then feed into governance practice. I don't think just putting an extra person on the council necessarily solves this problem. Really, it has to be the structures.

The CHAIR: I'm going to hand over to my colleague Ms Merton.

JOHN QUIGGIN: Could I maybe just—

The CHAIR: I'm sorry, I do have to hand over because I have been a bit greedy with time.

The Hon. RACHEL MERTON: Thank you to all witnesses for your time. Professor Barclay, if I could just pick up on two issues in terms of appendix A. I note a reference there to universities losing their social licence. I'm wondering whether you might be able to elaborate a little bit more on that—the context in terms of this inquiry and your reference to that.

KATIE BARCLAY: I think that if you read your average newspaper, we see high levels of criticism of universities and their practices. We have criticism of how much vice-chancellors get paid, of our reliance on international students, of our exploitation of international students and when we are treating them badly. We also have culture wars where we say that the things that they are learning in the humanities are just nonsense or they're silly and we're wasting our money spending it. We look at the grant applications and we look at a title of a grant application and suddenly we get an article that says, "Why on earth are we funding people to do this complete nonsense? This is a waste of money."

In all of that conversation, we have lost trust. We aren't going, "Well, perhaps a bunch of experts, very successful people"—and in a very competitive system where we don't have much money—"know who they're giving the money to and they think that that is actually worth funding, and perhaps that we should trust that they are doing a good job." I think our universities are doing a good job. We do extremely well in international rankings. Our research is world changing. It is disseminated internationally. I don't think anybody could look at the work that we're doing and say it's doing a bad job. And yet all we hear in the press and in Parliament and in these spaces is "look what a terrible job" and "why is the university not doing more?". The real-world impacts of that are that our domestic students are no longer coming. They've dropped off.

I think the Job-ready Graduates scheme hopes to push students into science but, actually, just sends a message that universities are not really great places to be and so people walk away altogether. That is a complete failure for our economy as well as our society. We're losing the opportunity to educate our citizens and we're losing that skill set that's going to be needed in the modern knowledge economy. I think that we have lost our social licence because there is nobody there defending us. But, also, I think we're not doing a very good job of defending ourselves either. We really need a sense of what are universities doing well and allow that to be disseminated, and to have people like politicians and the press stand up and go, "Actually, university is a good place to be and you will have a transformational experience and it will change your life."

The Hon. RACHEL MERTON: You also mention the issue around the university council. You say that the State has abrogated its responsibility to the sector and not provided them with the space to generate new income. I'm just wondering whether you could elaborate a little bit more on that. In terms of new income, what could be considered in that space?

KATIE BARCLAY: We have an awkward situation where the student fees and how much we can charge is set by the Federal Government. I certainly wouldn't want to charge our students more for their education. Because of that, we have to spend money on those students but we have absolutely no control over earning money for that. Really, the only space that we have been allowed to do that is in the international market. I think there are lots of reasons why we should think a bit critically about whether that should be our only source of income to support a lot of the activities of universities. I think that we do need to think more about funding from Federal Government and from State Government to support basic activities in universities.

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We need to ask whether it's appropriate for universities to provide all the services that they do. We provide counselling and career services and gyms and accommodation and all sorts, and those are very expensive. We don't really have ways of charging students for many of those services. There has to be a question there about what we ask of universities if we won't support them financially. In terms of other kinds of income, perhaps we should also be encouraging our private sector to look at universities as places to invest. We have very low amounts of investment comparative to many other countries, and the private sector, in research and development and education that would support universities in different ways. But, in some ways, the lack of social licence contributes to that too.

The Hon. SARAH MITCHELL: My question is directed mainly to Professor Barclay but also to Professor Clarke a little. In your opening submission, Professor Barclay, and in your written submission you talked a bit about some of the impacts on students in terms of subject choices and course offerings, and I think you called it lower quality teaching when you don't have the ability to offer certain subject streams and different things. I wonder if you could talk a little bit more about that in terms of what you see the impact is on students when decisions are made that maybe don't appear to have their best interests at heart. Professor Clarke, you talked particularly about concerns about public health impacts and education as well if you don't have those streams of students coming through. I am interested in a bit more detail on those areas, if you're happy to provide it.

KATIE BARCLAY: I think the traditional university model has been relatively small classrooms with an expert, ideally a professor, who manages a workload because they're not teaching 600 students but who then disseminates their research and who actually makes a researcher of the students. The book project that you're going to write next is the thing that you lecture on and in the classroom you discuss with them and they contribute to your ideas. If you read hundreds of books by academics, they often thank their students for their contribution to ideas. The modern classroom doesn't allow for that kind of engagement and critical thinking that is a partnership between the teacher and the student.

Instead, we have been asked to design classes that can be taught by anyone; we should be interchangeable. It certainly can't be based around your own research. It has to be based on the historical profession, of course, and on articles that are published that you know. I'm not saying it has no value, but I think that that intimate experience and that relational quality that marked university teaching is being lost as we put students in very large lecture theatres, and then we put them in large tutorials of 50 students, where they talk amongst themselves in small groups and we run around the room and try to negotiate that. It's a very different, I think, experience for students, and it's leading to different kinds of educational outcomes.

I think one of the big things is that we no longer get expertise amongst our undergraduates. When I was a student, I was interested in early modern history, and I selected a bunch of courses because I had choice, and I could pick the ones I cared about. At the end of my degree, I could say, "I've curated a knowledge in this area, and I have a bit of expertise on it." Today you will be lucky if there's one course on early modern history, so you don't get to curate it in the same way, so they have a much more generalised education. I think what that means is that those students go into the workplace and, yes, they have a good general education, and they get the critical thinking skills and some other kinds of skills, but they don't have that specialist knowledge that then feeds into public discourse, allows our ideas to be disseminated and ensures our research is making real impact every day in the workplace, in everyday conversations and on how people think about themselves. I think that that is a loss to society, and I think it's a loss to our students.

THOMAS CLARKE: My experiences have been similar. As a practising teacher, I've largely worked in the MBA field, and there was a gold standard of 20 to 25 students throughout the world, which was seen to be the number where you could have deliberative discussion in which student contributions would be very important. I watched in some shock as those numbers inflated up to 150, which becomes—it's just a traditional lecture, no effective interaction at all and a great undermining of our management education. But turning to the particular point of the primary education and public health, I was shocked to discover that UTS was closing these courses because of lack of students and giving up. I just find it inconceivable that any university could make those decisions. If students aren't coming forward, you market, you offer bursaries, you offer scholarships, and you encourage people. Primary education is the critical moment in children's lives, and to neglect it as a university, I think, is almost criminal. Public health is what everyone would consider the most important thing going after the COVID crisis, and to walk away from that—it's inconceivable that the university has proposed this, and I hope that they withdraw the proposals very soon.

The CHAIR: I did have questions about public good. We've kind of got there with those answers, particularly about those specific courses and subjects that you've mentioned, Dr Clarke. You've all alluded to it. Is there anything else, though, that we should be thinking about with regard to re-establishing public good as a mission for universities?

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JOHN QUIGGIN: If I could comment, schools face many of the same problems that universities do. You've got the kind of attacks like "What are they teaching our kids?" in the press. There are all sorts of problems with schools. The difference is that there's a State education Minister who takes responsibility for it. If problems emerged in the schools and the State Minister said, "It's all the fault of the principals," that would obviously not pass the so-called pub test. The Federal Minister does this all the time. As long as we have a structure of competing universities, each of them essentially with no social mission, there's no sense in which any university has, as part of its remit, the provision of university education to all Australians capable of benefitting from it. As long as we have this lack, any talk about social responsibility is going to be swept aside. We need a national system where that is the mission of the system and where the universities are required to contribute to that mission.

The Hon. ANTHONY D'ADAM: On that, I wonder whether we should be thinking about something along the lines of the California state university system. Effectively, we've got all these State-based universities in New South Wales competing for the same domestic student population. Would it be more efficient to have a "University of New South Wales" and not have these separate competing entities? Is that something that you think is worth considering?

JOHN QUIGGIN: That's precisely what I have advocated, bearing in mind that California is about the size of Australia. We should exactly have the University of California model but for Australia as a whole, not for the six Australian States.

The CHAIR: I'm going to finish there. We've gone one minute over time. Professor Quiggin, we have lost visual of you, but we have been able to hear you, so we'll take that. Thank you very much to you, Professor Barclay and Dr Clarke for sharing your expertise and time. I don't think we asked you to take anything on notice, but we might send you supplementary questions. The secretariat will be in touch about those in due course. Thank you so much.

(The witnesses withdrew.)

(Short adjournment)

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Dr SARAH ATTFIELD, University of Technology Sydney Branch President, National Tertiary Education Union NSW Division, affirmed and examined

Mr VINCE CAUGHLEY, Secretary, National Tertiary Education Union NSW Division, affirmed and examined

Dr FIONA PROBYN-RAPSEY, University of Wollongong Former Branch President, National Tertiary Education Union NSW Division, affirmed and examined

The CHAIR: Welcome to our next session. Thank you very much for joining us here today at our first day of hearings for this inquiry. Do you have a short opening statement?

VINCE CAUGHLEY: Yes. Thank you, Chair and members of the Committee. On behalf of the NTEU NSW, we commend the Committee for this inquiry and thank you very much for the chance to contribute. Universities are among the most significant public institutions in New South Wales. They educate the professional workforce that underpins our health, education, research, justice, infrastructure and public administration systems. They manage tens of billions in public assets and together make up the State's second largest export. Their stability and capability are directly tied to the economic and social future of New South Wales. Across the sector, governance has shifted toward insular decision-making concentrated in small executive groups, without the transparency, oversight or participation expected of large public institutions. Universities are being governed like private corporations, but without the accountability and the accountability frameworks that corporations themselves are required to operate under.

When decision-making is centralised and unbalanced, predictable failures occur. The evidence, especially in recent times, is clear: mass job cuts and course closures with limited justification or consultation; wage theft on a massive scale, in the context of wage theft becoming a criminal offence under the Fair Work Act; a structural reliance on insecure employment—nearly 70 per cent of all people employed at universities are on casual or fixed-term contracts; SafeWork NSW issuing prohibition and improvement notices at UTS and Macquarie due to psychologically unsafe change processes; vice-Chancellors being paid orders of magnitude more than the State Premier; and a quarter of a billion dollars—conservatively—on private consultants in 2023 alone, alongside documented conflicts of interest. These are not isolated operational issues. They are systemic governance failures.

The Auditor-General's *Universities 2024* report shows 36 per cent of governance problems at New South Wales universities were repeat findings. University councils were made aware of issues year after year and simply did nothing. The risk and the impacts are real. Thousands of people are being damaged and public confidence in universities, especially in our regional areas and cities, is being hugely eroded. We urgently need reforms that balance institutional autonomy with representative, transparent decision-making, strong external oversight and legislation clearly aligned with the public purpose. Good governance isn't just about principles. It determines whether universities are stable and whether they are trusted and capable of delivering the knowledge, teaching and community benefit that New South Wales depends on. Strengthening governance now protects the future of one of the State's most important public assets.

The CHAIR: I'm going to open with a general question. You've indicated your concerns about governance. Your submission clearly goes through particular examples of that in universities across the States. You mentioned a few issues in your opening statement. One of them that I had not realised until you told us is the Auditor-General's finding of ongoing issues that aren't remediated. What are the other indicators of governance weakness?

VINCE CAUGHLEY: There are issues of overlap between what the Auditor-General has identified. We also can look at the risk to the capability and the lack of insight that is provided to university councils. I did gloss over, perhaps, the SafeWork NSW intervention. I think that those indicators alone would cause alarm bells. The recent intervention at UTS of the SafeWork inspector directly intervening in a change process due to imminent psychological harm is absolutely unprecedented. At the NTEU we had other unions calling us, acknowledging that fact. That alone is cause for concern. There are two ways of looking at it. There is a lot of detail about the experience, the internal workings of governance, such as it is, at our universities. But if we do take that macro view to determine whether there are issues of governance here, we clearly have decision-making that is misaligned with public interest.

As I said, the wage theft—hundreds of millions of dollars stolen from university workers. The University of Sydney and the University of New South Wales have publicly budgeted \$70 million towards wage remediation. That is not a healthy situation. As I say, unsafe restructures and executive excess—it is an open question, talking about a pub test or something like that: Why does a university vice-chancellor get paid two or three times the State Premier? I can tell you which job would be harder. Then consultancy dependence—it's very hard to get an accurate

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figure of the spend on that because, for example, in the Sydney University annual reports they publicly acknowledge that there's no requirement to document in detail spending on consultants. We only have estimates, but they are at least a quarter of a billion dollars, and generally higher than that. So when you have this type of capture and eroding from the inside of expertise within universities, bad things happen. As I say, I can't understate for the Committee the damage that has been done. Most people are on insecure contracts. There is massive wage theft. There is psychological damage being done to university staff. This is not an example of healthy governance. It points to a systemic issues.

The CHAIR: Can I maybe continue on that bit? Since we've launched this inquiry, I've been contacted by a great number of professors—we're talking senior academics with decades of experience—concerned about the direction and governance of their institution. But they have been unwilling to make public statements or to put their names on submissions because they're concerned about reprisals. These are experienced professors at the height of their area. What does that tell us about university culture and academic freedom?

VINCE CAUGHLEY: I will say that these concerns aren't limited to academics—it goes beyond professors—but that tells you something. It is also the experience of professional technical research teaching and student-facing staff. When staff feel that they cannot express concerns to provide feedback, that's a very unhealthy situation, to put it mildly. But what that does to the governance and the operations of the institution is quite profound. If you are not receiving honest feedback, then your decision-making will not be up to scratch, and that's what we're seeing.

Just on that basis, in terms of operating with accurate information—objective information—you are absolutely limiting your ability to make good decisions. This is happening at multiple institutions but, taking a step back as well, this has been recognised in itself as a psychosocial hazard. The SafeWork inspector has identified these aspects of the modern university workplace and, in fact, our members, not surprisingly, have done extensive research on this as well. There is a really clear issue with the type of culture that has developed at modern universities.

The CHAIR: Perhaps I could ask Dr Probyn-Rapsey and Dr Attfield for any reflections—if they feel comfortable—on that aspect of the fear of reprisals and culture of fear.

SARAH ATTFIELD: Yes, absolutely. I think this is a real legitimate concern. Staff are often afraid to speak out and are often concerned about retribution for expressing criticisms. They often fear that their legitimate criticisms will be labelled as dissent and possibly even deemed to be misconduct. This is how staff feel. That's despite protections in agreements. At UTS we have a protection in our agreement that allows staff to express opinions about the university and its management and operations. Despite that, staff are reluctant to speak out. And what I've seen and what others have seen is, when staff do speak out, they're often dismissed as too negative or unwilling to accept change. We hear that a lot—that we're unwilling to accept change or to embrace change; that's usually the term.

I've also witnessed this often described as overly emotional for expressing concerns about job losses and so on, and what I would describe as assertive lines of questioning have been described as aggressive and abusive but without any evidence as to how they may be aggressive or abusive. This generally has a chilling effect. Staff do not feel comfortable or safe in expressing their views to management, so they're often reliant on the union to pass on those kinds of criticisms and disagreements. I think it's a very real concern.

FIONA PROBYN-RAPSEY: If I could just add to that, I think there are a couple of other issues going on with the formal representative bodies within the universities that should allow staff and students to participate more formally within discussion and debate at the university. We see academic senates now whittled back to largely management-heavy representation. We see university councils, which do include some elected staff and students as members, actually preventing those elected members from doing their job of representing the interests of academics and student staff by being directed by chancellors to not speak up and to not report back to their constituents, as it were, about decisions that university councils are making, and having disciplinary procedures launched against them for discussing how university council was voting on certain matters. That chilling effect goes right to the heart of the bodies that are doing the governing work within the university itself, so you can imagine how that then filters down into schools, departments and faculties where, absolutely, a climate of being resistant to debate, let alone criticism, has emerged.

The Hon. SARAH MITCHELL: Thank you all for being here. I just have a couple of questions. The first one is quite broad. I'm happy for any or all of you to answer. In terms of the options that you see available to universities in terms of safeguarding their long-term sustainability—obviously governance is part of that; I think you touched on that a little in the opening statement. With the current government funding settings and policy settings, what options do you think the universities should be really taking in terms of that long-term sustainability as opposed to maybe what's happening now?

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VINCE CAUGHLEY: Taking a step back, the situation as we're experiencing it has been a long time developing. Decisions made with respect to governance and funding, even decades ago, we are now seeing the effects of. For the union, looking at the current State of affairs in New South Wales, it's hundreds and hundreds of job cuts, restructures and really aggressive management tactics. We've been asking why? Why has this happened? In terms of the macro culture that has developed, it does go to Federal Government funding. They've massified the system. It has massively expanded in the last 20 to 30 years, but core funding has not been guaranteed and sufficient on the part of the Federal Government. Institutions over these decades have sought more commercial and market-based sources of funding: international students and massive property and investment portfolios that they must protect. What that does is it changes the very culture of these institutions.

At the same time, we have the changing of the very nature of councils—those mechanisms for oversight within universities. People may find it quaint, but there used to be academic positions within universities elected. There used to be members of Parliament on university councils. There certainly were greater staff and student representatives on councils. You had a very different kind of culture. Fast-forward 20 years and we can see the trajectory that these decisions have made.

In terms of what to do, it is partially a funding question and that's the Federal Government, mostly. In terms of what to do right now, that is the key question, because change is needed. As I say, people are being damaged. In the first instance, we're asking for nothing more than for universities to be run properly. It seems to be a massive ask. In the first instance, there are things that are doable, and this is where the State Government role is absolutely crucial. The institution has been constituted under State Acts of Parliament. There should be greater reporting requirements—literally telling us what's going on and justifying publicly to the people of New South Wales and the communities of these universities why decisions are being made. Scrutiny is absolutely being avoided.

As I said, if people look at the Auditor-General's brief but very concise submission to this inquiry, a performance audit would be where we would start, because not only does it investigate and interrogate the aspects of the annual public reporting that is required but it can also go beyond that to a follow-the-money aspect that would look at the extensive controlled entities and the private and commercial investments of these institutions that have, in effect, just been allowed to develop. That, in turn, has skewed the culture of the institutions and the decision-making, and reinforced this very insular and corporate nature of the senior leaderships.

Just shining a light and improving reporting requirements—for instance, workforce composition. We don't know how people at universities are employed. We know that there is massive job insecurity, but it is almost impossible to work out who's on a fixed-term contract, who's on a casual contract, who's employed full-time and why. We cannot tell this basic information. Likewise, as I referred to earlier, the amount of money spent on consultants, as the University of Sydney noted in their annual report, is not a requirement. They said, "It's not a requirement for us to document consultancy spend, so guess what? We're not going to." In the short term, for the State Government, there are tremendous levers available, either legislative or through decisions made by the Treasurer and the Minister, to massively increase the reporting requirements in the interests of transparency. That has to be the place to start.

The CHAIR: Mrs Mitchell, do you have a follow-up to that one?

The Hon. SARAH MITCHELL: I do. I have one more. It relates to when you were talking about consultancies, because my other question goes to UTS and the alternative plan that's been drafted.

The CHAIR: That was going to be my question.

The Hon. SARAH MITCHELL: We're obviously hearing from some of those witnesses this afternoon. One of the parts of their submission which I found really interesting was the idea of using the university's knowledge and concept research expertise to do their own consulting units, which can maybe work in certain areas. I wondered whether the union had a view on that suggestion.

VINCE CAUGHLEY: We sure do. Co-design is not only a good idea, I think collective decision-making actually gives you far more robust decision-making and outcomes. I will throw to you, Sarah and Fiona, but before working for a university—I have spent 11 or 12 years working at UTS—I worked for a number of multinational corporations, so I've seen both sides of the picture. What universities do is they're almost cosplaying in a corporate sense. They take all the punitive aspects—the centralised decision-making and the punitive side of things—but what they don't do is invest in staff and provide the support and training that's absolutely necessary. If you had staff at a university with that in-house expertise, you would kill for it and you would be using it every day of the week. For some reason, university managements prefer to go external. What

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does that say about their attitude towards staff? That in itself is a major indicator that something is wrong in the governance and running of our universities. I'll throw to you, Sarah.

SARAH ATTFIELD: Thanks for the question. I'd add that using the expertise of internal staff, the benefit there is that those staff are really committed to the success of the university. They want the university to succeed. They work there. They are committed to the university. They've invested a lot of time and labour and often love into what they do. So using internal experts, you definitely get that commitment. With external consultants, we don't know what their particular motives are. Presumably it is to make some money from the contracts that they're signing and they may not necessarily have the interests of the university at heart, let's just say, to put it politely. Universities are full of experts. That's just the nature of them. There's so much talent and expert knowledge to draw upon. But at the heart of it is that the people who work in the university want the university to succeed, and that's why their input would be of much more value than the external consultants.

The Hon. SARAH MITCHELL: The way it's worded—and, again, I'll flesh this out with the witnesses this afternoon—as a profitable consulting service, I read that as being able to provide that service within the university, but I think they call out engineering and business as well. I'm not sure if they mean internal just for the university or if that could also be a consulting service that offers out to the corporate world. Kind of a reverse of what's happening now is how I see it. Is that your understanding of the suggestion or have I got that wrong?

SARAH ATTFIELD: I think that's a possibility. I'm not completely across that part of it.

The Hon. SARAH MITCHELL: I can ask them this afternoon.

SARAH ATTFIELD: But it's obviously a potential that you could make some money out of doing that as well.

The Hon. SARAH MITCHELL: I think that's the suggestion.

The CHAIR: Having worked in the business school, there is a lot of working—it's part of the KPIs to try and partner with corporates on things like corporate consultancies. So no doubt they would be keen to extend on that, I would imagine.

VINCE CAUGHLEY: It also goes to the motivation that Sarah touched on. Consultancies are primarily there to make money. To make money and to offer your services, you need to point out that there is something wrong and that there is something that needs changing. That is basically how you win business. What we've seen is a number of consultancies traipsing around the universities offering their services. It used to be outsourcing and offshoring, but these days it's AI. There's so much money to be made through offering advice around massively important transformations. I'll go to you perhaps, Fiona, but it's also about what that does for the decision-making and the nature of the institution. There is a profound risk to the institution of not just influence but conflicts of interest. This is really serious, so I might refer to Fiona for that at the University of Wollongong.

FIONA PROBYN-RAPSEY: Wollongong is outstanding for its examples of conflict of interest in the executive, with the decision by Michael Still to appoint John Dewar as vice-chancellor. At that time John Dewar was a business partner with KordaMentha. Shortly after he began as VC, KordaMentha was awarded a lucrative contract to restructure UOW. Management lied about Dewar being on leave from KordaMentha while he was VC of UOW. We found out through a GIPAA that he was in fact working a nine-day fortnight for UOW, with one day reserved a fortnight for continuing to work with KordaMentha. KordaMentha, so far, has probably made up to \$3 million from UOW. Of course, KordaMentha came in both at the top and at the ground level, found various problems and justified probably some of the worst restructures that we've experienced at UOW. They started in 2024; they are ongoing. They'll lead to probably about 250 jobs gone by the start of 2026.

This was a situation where external consultants were brought in. They're effectively working with the VC in a kind of ambiguous sense. Staff were faced, in many meetings with external consultants, with this huge restructure plan and were asked, "Tell me what your job is." This is because external consultants genuinely don't understand the institution that they're there to restructure. A very common experience for staff living under the pressure of restructure is that in their back pocket they have their little cards to explain how to justify their existence to whatever consultant might be walking down the corridor.

The level of inexperience and lack of expertise that is ignored, in relation to the role that external consultants come into the university with, is an ongoing problem. We never really know who the decision-maker is in relation to a lot of these restructures when we're dealing with external consultants. In the case where the VC is actually a business partner with the firm employed to do the restructure, where's the decision-making? Where's the oversight? Where's the oversight? Where's the transparency? Where's the accountability? Ultimately, this is the responsibility of university council to oversee, but they're the ones also making these decisions to ignore what looks like a pretty grotesque conflict of interest.

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The CHAIR: Thank you for that. I want to speak a bit more about this. Your submission, honestly, was very good, but it was a bit depressing in the litany of governance failures at the very top. I think you chronicle one at every university. I guess you've just chosen one, to be succinct. It's quite depressing. There just seem to be more and more of these. Dr Attfield, you might want to address this. For example, I understand that at UTS the vice-chancellor still had two years to go on a contract but was appointed for another five years just before this big change process was embarked on. What does that tell us about appointment processes? Wouldn't it have been better to wait to the end of his term to see if all of this works out well before you start deciding whether to extend for five years? How does this play with the confidence of the staff at UTS?

SARAH ATTFIELD: I would say that the confidence of staff in the university leadership is extremely low at the moment, and this doesn't help. The fact is that staff actually don't really know that officially. There's been no announcement. The staff don't actually know about the contract situation, and that just points to the lack of transparency and the way decisions are made behind closed doors and so on. People just don't know that. It raises questions as to who the VC is accountable to. It feels, from a staff perspective, that he's not accountable to the staff, let's say—but also how the VC's performance is monitored as well. I mean, we all have KPIs. Every staff member at the university has KPIs, and we have performance reviews to make sure we're hitting our KPIs and so on. But staff don't know what those KPIs are for the VC or other university leaders. We don't know whether they've been met.

For us, I think it shows that the university decision-makers—the council and so on—are out of touch with the majority of staff at the university. To hear that contracts are being renewed, especially during this time of great turmoil and high-risk proposed changes and so on, we don't know what the outcome is going to be. We feel that if they go through as proposed, there'll be really devastating outcomes for the university. That seems to me not really a good time to be renewing contracts. But it really comes down to accountability and transparency overall, I'd say.

FIONA PROBYN-RAPSEY: I just want to add that at UOW, like at a lot of universities in New South Wales, university councils are the governing body. At UOW the university council conducts a self-review of its performance, which is kept confidential and is unminuted, but it does this annually. Are we expected to find this reassuring or anything approaching proper processes of transparency and accountability for that vast amount of public money that they are responsible for?

VINCE CAUGHLEY: Just to perhaps labour the point, there is a really stark contrast between the governance requirements and reporting responsibilities of our public universities compared to corporations, and even charities and incorporated associations. Both of those entities have greater reporting requirements and transparency requirements in the operations and the finances than universities do. Both have in-built mechanisms to challenge the leadership and actually revoke the licence of leaders—to be able to call them to account. There is no mechanism at universities. So when we're looking around for ways that we can influence the vice-chancellors and have some agency into what's happening, there almost aren't any, apart from public pressure and hopefully this inquiry. That's an absurd state of affairs for such important public institutions.

The Hon. RACHEL MERTON: Thank you to each of you for your time. If I could just pick up on the earlier reference to the casualisation of staff, how is casualisation and job insecurity affecting the quality of teaching and research at the university?

VINCE CAUGHLEY: Just to lay out some numbers, again, it's actually quite difficult to get publicly available figures because there's no formal reporting requirements of universities to break them up. We have to piece it together through bits and pieces of publicly available information. But in terms of casual employment of all staff in New South Wales, it exceeds 40 per cent of every human being employed at a university. I will say, as well, that if you take into account fixed-term contracts, that's almost 70 per cent of all people employed at New South Wales universities that are insecurely employed. That's an issue in itself. I'm not sure about you, Fiona, but both myself and Sarah were for a long time casually employed at universities.

FIONA PROBYN-RAPSEY: Yes, of course I was.

VINCE CAUGHLEY: Yes, of course you were. That's how everyone starts. Of course, yes, what am I thinking? It was very hard when you wanted to help your students in terms of feedback. They would say, "Hey, can I come and meet you in your office and have a chat about this and that to do with the material?" I would have to say, quite politely, "Look, sorry, I only get paid for the two hours that this lecture time was around." But you do help. I think that staff, through no fault of their own, do an incredible job of the teaching and student support. They're actually, through this insecure employment, prevented from offering the support for students that they'd really like to give. They want to build a career. This is a chosen profession. They really want to help. What this does to the student experience is kind of obvious. It could be better.

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I certainly don't want to place any blame on the staff. They are actually being prevented. I will say with my union hat on as well that I think having that over staff is a tremendously disciplining lever that managements have. In the interest of ultimate flexibility, people can be made to come and go at will. I referred to the wage theft that's going on as well. It totals hundreds of millions of dollars, and this is primarily at the expense of casual staff. I think, ultimately, they are structurally dependent on this state of affairs. The impacts are quite profound.

SARAH ATTFIELD: I might add a couple of things, if I may. As a former casual for many years before I was able to secure a continuing position, I would agree with that description. As a casual academic, we would put everything we could into our teaching with the limited resources that we had. The universities in general rely a lot on goodwill, not just from casual academics but from most staff, actually. Because when you've got your students, you want to do the best job you can because you feel a real sense of responsibility to them. Their futures are so important and you have a role to play in that. You give as much as you can but don't necessarily get remunerated for it or the support that you would if you were on a continuing contract—things like not having an office and so on.

But also there's a sense, I have found through the years, at the university that it's quite cold towards casual staff, particularly casual academics. When we talk about what casual academics do—and we say casual academics are researchers too, and often it happens in your own time that you do research but the university benefits from that research as well. But when we talk to the university about that, the university will say that casual academics just teach. That's all they do. They just teach. That not only devalues teaching, I think, but also suggests that they're not doing other things as well that are important. That reliance on goodwill is really important. Without that, I don't think universities would function at all.

FIONA PROBYN-RAPSEY: If I could just add to that, I would say that they're not—the issues that we've been encountering at universities over the last decade or so also suggests that they're not really casual—the casual academics and the casual staff. They're often doing the same job every semester, repeatedly—the same teaching and working for the same areas. They are fly in, fly out but the work is ongoing. This is a systematic reliance on casual labour that the universities can actually plan for and not express surprise every semester when casual academics and casual staff have to be re-employed.

I would also strongly agree with Sarah that one of the issues for the teachers who are casually employed is that they are detached from a lot of the support services that are available to permanent staff. And so we have policy gaps. We have gaps of understanding, gaps of knowledge and gaps of support directly affecting casual staff. In one case that we were dealing with at UAW a couple of years ago, even if someone has been a casual academic for 18 years, they are still not given access to the same staff support that they need in order to function as academic staff members, like the permanent staff members. This is a systematic problem.

The Hon. RACHEL MERTON: As a Committee member—and probably my colleagues too—I'm receiving reports from concerned academic staff around the restructure and questions around redundancy and if they are going to be treated fairly during this period of change. What does the union know about this?

VINCE CAUGHLEY: We obviously are in quite intense negotiations and discussions with various university managements. I can contrast two of the perhaps more serious—in terms of potential staff affected—examples: one at Western Sydney University and UTS. Both managements towards the start of the year announced that they wanted to essentially get rid of 400 staff each. That's a massive impact. At UTS, that's 10 per cent of staff. Setting aside the logic, financial or otherwise, of that decision, I think this is where it goes to the public interest test. In receipt of billions of dollars of public money, the least that our public institutions should be doing is creating good, stable employment for its citizens. Long story short, in terms of the contrast, with Western Sydney we have been able to negotiate no forced redundancies so that if, in the restructure, everyone is guaranteed—all existing staff, continuing staff—a place in the new structure, they can be redeployed. There are voluntary redundancies, and that's fine, to an extent.

Contrast that with UTS. They seem to be hell-bent on forcing people out. The impact that this has on staff is just awful. It really is. It's not just the immediate impact—because there are other ways to go about this, as Western Sydney has shown, I think. You damage the institution and you poison the culture of the place for years to come, and that's what they're doing. Where's the accountability? There are other ways to do it. Just a quick example: I had reason to speak to a consultant just randomly yesterday. They were employed in the last few years at UTS. They wrote a 60-page change document about how to progress change. It goes to redeployment; it goes to keeping staff in the loop. Redundancy is a last resort. Now she is just pulling her hair out and going, "Why the hell did they pay me to produce this document that's clearly sitting in a drawer somewhere? They're doing the total opposite right now of what best practice should be."

The CHAIR: Could I follow up on that? What then do you think is driving—today we'll have the vice-chancellor appearing shortly. We obviously have already heard about the alternative plan proposal. You've

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now just revealed that there was a whole alternative. If you prefer consultants, there's a different consultant plan that has got a different view. What is it then that's driving the commitment to this version—this extreme version—where there are consequences of change? Is it simply an ideological position? What is it?

VINCE CAUGHLEY: There are aspects of that, and I think it's a culture that has developed over the last couple of decades. There is an element of ideology and groupthink—and corporate groupthink—that is important in this. When you look at UTS in particular, I think the primary reason—and this goes to the heart of what we've been talking about—is the ostensible need to service a \$300 million bond that was raised to partially fund a \$1.5 billion capital works program over years. Now, it matures in 2027, and, like the law of gravity, the management of the institution, come hell or high water, is going to pay that \$300 million. That's the reason, in its simplest form. That has led to not only job cuts; it has led to 40 per cent of UTS courses being paused. They're going to be got rid of, 140 courses. You have the decisions being made by our institutions as to what to teach because of obligations regarding capital finance obligations. It's a perverse state of affairs.

I will say firsthand that I was in enterprise bargaining with management a few years ago, and the union was being told that casual and fixed-term staff could not be paid the same superannuation that continuing staff were afforded—and this is the majority of people employed by the university. In a fit of outrage, I stood up and pointed to that beautiful glass bubble that was being built at the time and said, "Why don't you build a bloody rectangle?" It is just as basic as that. They can build a really nice rectangle, but it doesn't have to cost—as that one building did—\$360 million. Now, years later, due to financing \$300 million to help build these beautiful buildings, we've got to get rid of 400 staff and get rid of 140 courses. Something is really wrong here. This is not in the public good.

The Hon. ANTHONY D'ADAM: I think earlier you made a point about the absence of any, I suppose, recall mechanism or equivalent to a shareholder meeting that can, effectively, remove the board of directors. What kind of model do you think should be put in place in terms of establishing that kind of accountability mechanism? My follow-up question would be: Should there be a mechanism to enable the removal of the vice-chancellor?

VINCE CAUGHLEY: We would like to start with acknowledging that you get better decisions through transparency, accountability and collective decision-making. As a union, it's probably not surprising that we would say that. We're actually very comfortable debating difficult issues and deciding collectively. When you look at university councils, we think the place to start would be a minimum of 50 per cent elected representatives from the staff, student and, possibly, alumni cohort. As Sarah and Fiona have said, having people who have a very real stake and powerful interest in the success of the institution and, as citizens, that concern for the public good, that in itself would not guarantee but would give you a really good chance of good decision-making.

In terms of the appointees, there is also a very important role for the State Government here. The Minister and the Government have tremendous levers to help define a more robust, accountable governance system through appointees and the requirements for appointees—strengthening the requirement for people to know something about higher education and the weird world of universities. We need to see diversity on councils as well. A good place to start would be the composition. But then there are also the mechanisms by which you keep that group in itself accountable. It goes to the reporting requirements. What is wrong with a public institution being entirely transparent about decisions and about how billions of dollars of public money is being spent? If your decisions stand up to any kind of scrutiny, let us know. Let the public know. We all have a stake in the success of these institutions. To answer your question, without trying to be prescriptive, I think it starts with 50 per cent elected composition there.

The Hon. ANTHONY D'ADAM: Why not a majority? Why not more than 50 per cent?

VINCE CAUGHLEY: I'm trying not to be greedy, with respect.

The Hon. ANTHONY D'ADAM: Why do you say that the staff, the alumni—

The CHAIR: Community representatives.

The Hon. ANTHONY D'ADAM: That is the bulk of the community and stakeholders. Why shouldn't they have more of a say than an amorphous group that is appointed?

VINCE CAUGHLEY: I would agree. Quite honestly, you'd have more representative decision-making and more transparent decision-making. You would almost guarantee in that regard that decisions would be made in the public good.

FIONA PROBYN-RAPSEY: At the moment, university councils are dominated by people with no experience in tertiary education, so they literally don't know when they're doing a bad job.

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The CHAIR: On that rather depressing note, I'm going to have to draw this session to a conclusion. Thank you, all, for your time and the work that you do to keep universities functioning.

(The witnesses withdrew.)

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Professor ANDREW PARFITT, Vice-Chancellor and President, University of Technology Sydney, sworn and examined

The CHAIR: Thank you, Professor Parfitt, for agreeing to appear before us today at our first hearing day of the inquiry into university governance. Would you like to start by making a short statement?

ANDREW PARFITT: I will. Good morning, Chair and members of the Committee. Thank you for the opportunity to address this inquiry into the university sector. As I indicated, my name's Andrew Parfitt and I'm the vice-chancellor and president of UTS. I acknowledge that we are on Gadigal land and pay my respects to Elders both past and present. New South Wales universities have long been successful in supporting the aspirations of both the Government and the broader community. This has been underpinned by effective governance structures that have enabled institutions such as UTS to respond to evolving priorities while maintaining their core mission of education, research and community engagement.

We have, over a long time, appreciated the strong support of the New South Wales Government in many areas as we have worked together to address the challenges and shape new opportunities for the people of New South Wales. But we are seeing now a confluence of challenges that are testing our capacity to continue to deliver outcomes in the way that we have previously. Like many universities, the combination of changes in Federal policies, particularly those relating to domestic student funding and international student numbers, are now constraining our ability to adequately do everything we currently do in the way that we currently do it. The long impact of the global pandemic has led to a period of financial instability that must be addressed so that we can continue to deliver the skills and innovation in New South Wales.

University councils have had to steer their institutions through these unprecedented times. Governance structures that have served us well in the past are being tested and are adapting. UTS welcomes the work of the Expert Council on University Governance, and we believe its recent report provides a strong foundation for uplifting university governance across the system. We also acknowledge the interim report of the Senate inquiry into the quality of university governance and look forward to its final report.

Universities already operate within a complex web of oversight mechanisms. These include both State and Federal agencies and legislation, each with distinct but sometimes overlapping responsibilities. We've also seen the introduction of new national initiatives, including a National Student Ombudsman and the interim Australian Tertiary Education Commission. As the Standing Committee on Social Issues considers the terms of reference, we seek to work with you on how best to address the current range of reports, recommendations and regulatory oversight in addressing the future needs of university governance. Streamlined and complementary oversight and regulation will better support institutions in meeting their obligations to deliver high-quality research and teaching.

Finally, I think it is important to mention that UTS Chancellor, Catherine Livingstone, AC, was not invited to appear at today's hearing. Ms Livingstone offered to appear alongside me and the other members of council that are called today, but this was not taken up. I think it's important to put that willingness on record, so that there is no mistaken assumption that this inquiry and the matters it's investigating are not being taken seriously at the highest level of the university. Thank you very much for the opportunity to make a brief statement. I am very happy to answer questions.

The CHAIR: You can assure Ms Livingstone that we may well be calling her at a later date. She can be comfortable in that knowledge. Professor, could I ask about your experience? Prior to being vice-chancellor, you were provost to the university. For how long were you provost?

ANDREW PARFITT: I was provost for five years.

The CHAIR: How long ago did you become vice-chancellor?

ANDREW PARFITT: Nearly four years ago.

The CHAIR: As I understand it—and please correct me if I'm wrong—you had your term extended, with two years to go on your contract, for another five years. Is that correct?

ANDREW PARFITT: That's correct.

The CHAIR: What was the rationale for doing this? Who initiated it? Was it you? Was it Ms Livingstone?

ANDREW PARFITT: No, I believe it was a conversation that we had at some stage looking at future planning. It's not unusual for conversations like that to happen at the three-year point of the contract.

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The CHAIR: When you say "we" had a conversation, who was the conversation with?

ANDREW PARFITT: With the chancellor.

The CHAIR: Do you remember who initiated it?

ANDREW PARFITT: I don't, I'm afraid.

The CHAIR: When that was decided, were there particular KPIs that you had met?

ANDREW PARFITT: I'm very pleased to say that the various remuneration committees, which evaluate performance, have not had any concerns about my performance over the past period of time.

The CHAIR: Sorry, that's not the question that I asked. Do you have KPIs?

ANDREW PARFITT: Yes, absolutely.

The CHAIR: Could you table them on notice, please?

ANDREW PARFITT: Yes, sure.

The CHAIR: With the extension of your term, has that been communicated to the wider UTS community? I note that it wasn't explained in the report of the council meeting at which the decision was made, so I wonder if there was some other mechanism that had advised the UTS community.

ANDREW PARFITT: I really don't recall, Chair. I'd have to say, it isn't my responsibility to announce arrangements in terms of my appointment.

The CHAIR: So whose responsibility would it be to let the UTS community know that their vice-chancellor's contract had extended, in a period where you were embarking on a huge change proposal? I'm genuinely interested.

ANDREW PARFITT: I am too. I'm not quite sure that I can answer that; I just don't know.

The CHAIR: Perhaps you could take that on notice.

ANDREW PARFITT: Yes, I will, happily.

The CHAIR: If I could go to some other questions around your role and some decisions that have been made, I understand that you're considering abolishing the role of provost.

ANDREW PARFITT: That's correct.

The CHAIR: Doesn't that move further centralise control? You said in your introduction that you were concerned about university governance, and one of the issues that has been raised this morning by governance experts is the centralisation of control. Doesn't removing the role of provost further centralise control at UTS?

ANDREW PARFITT: I don't believe it does, Chair. In fact, if you consider where the delegations sit for certain functions, they could sit at the vice-chancellor's level. Under the previous structure, there would have been some delegations that would have sat at the provost level—they would include some financial delegations but many academic delegations and approvals—and then others that are sitting at the dean level, in particular relating to academic matters. The proposal that I put forward in terms of the removal of the provost role would actually see the majority of the delegations go down much more closely to the faculties. In fact, it's not lifting up the delegations into central control of the vice-chancellor, but actually allow the oversight of decision-making at faculties through the deans. I think that would potentially streamline decision-making. It would make clarity of accountability for decisions clearer. The intent is not to centralise control—to use the word that you used, Chair—but actually to enable and empower areas across the university to exercise their responsibilities.

The CHAIR: What about the issue, though, that's recently evolved at UTS—it certainly wasn't the case when I was there. If you're devolving power to deans—I think in recent appointments, deans now have non-reversionary clauses in their contracts. Back in the day, when deans and heads of school took on their roles, they knew that when they finished their term, they would have a substantive role back in their faculty. That, I understand, is no longer the case. How autonomous do you think deans feel? How autonomous are deans when they don't have the safety of those reversionary clauses?

ANDREW PARFITT: In relation as to whether they have or haven't got reversionary clauses, it does vary according to the desire of deans as to what their career opportunities are. It varies whether they see a reversionary clause as being something that they would like to have, to go back as a professor or other into the faculty or not. As to whether they're concerned, I don't think that I've thought quite about the question that you ask in the way that you ask it, because my view is that deans have a set of responsibilities that they would have to

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deliver. Whether they have a reversionary position or not shouldn't affect the decisions that they make around the operation of the university.

The CHAIR: Well, it kind of does, doesn't it, because we've heard this morning already that one of the key concerns at universities across the board is a culture of fear and intimidation. If deans have non-reversionary clauses then, potentially, that means they're less willing to make those frank and fearless decisions. It goes to some other questions that I want to put to you that I've heard. I want to just check the veracity of claims that I've heard. I've heard that one of the questions that you quite often ask in interviews is "If I ask you to do something that you disagree with, what would you do?" Is that something you frequently ask in interviews, and what does that signal in terms of your expectations of compliance?

ANDREW PARFITT: I don't think I'd quite ask the question in that nature, but it is actually to identify the robustness of autonomous decision-making and the ability to challenge, which is, of course, valued in any senior team. In fact, there are many robust conversations that occur across the senior team. There's no single view that's allowed to predominate, but we need to come to a decision, whether it's through consensus and other ways. It is intended to ensure that deans do have the ability to be able to contest, debate and challenge. That's the appropriate thing to do.

The CHAIR: Do they have the ability, though?

ANDREW PARFITT: Of course they do.

The CHAIR: Isn't it the case with the course suspensions that were recently announced that deans were required to sign letters which had been written for them centrally saying that they had approved and designed the course suspensions, and that when some deans said, "Actually, I'm not really prepared to do that," the letter kept being sent back to them? Are you aware of that?

ANDREW PARFITT: No, because I think what the—no, I'm not aware of that. But I think the process was that the deans identified the areas that they thought it was appropriate to apply a temporary suspension of intake for reasons that I have explained elsewhere, which is to signal to students the potential unavailability of courses in the future. There was a request by the deans for a template form to be able to do that so that it was a consistent way of doing it. That's my recollection of the process.

The CHAIR: Thank you for that. I appreciate it. Could you please, on notice, provide all of the email correspondence between deans and whatever centralised decision-maker regarding the signing of those letters so that we could just see that exchange? That would be appreciated. I wondered if I could move on to the Operational Sustainability Initiative. When did you first believe that UTS would require the kind of restructure proposed?

ANDREW PARFITT: I thank you for that question because I think it's quite a long journey of decision-making. If I could turn back—and I won't make this a long story, but I do need to take you through the steps along the way.

The CHAIR: I'd appreciate that.

ANDREW PARFITT: It's during the COVID period in 2020. I think we always will remember that, where borders were closing and international students' mobility was restricted—in fact, sent home—and where we had no certainty at all. We did undertake a voluntary separation program plus some other changes in quite a short period of time. Nobody knew what the future held. Nobody quite knew what the timing would be associated with the return of international students. A voluntary program with—as you're aware, you lose the role, not just the individual. We did find that, while we certainly made financial savings, and we tried to make the decisions that were necessary to ensure that we could operate effectively in the future, we basically made decisions to reduce the expenditure of the university. Coming out of that period, we ran a plan which had a series of sequential deficits moving back into surplus based on our projection of when international students would return.

That sets the scene for when the operational sustainability piece started to come into view, and it was primarily coming into view because we managed to achieve—even though there were deficits—the budget outcomes for the university across '21, '22 and '23. Going into 2024 and the budget, we started to see the expenditure rises. We remember the inflationary period that we had at the time was starting to increase, and there was a squeeze on our capacity to be able to make the budget meet into 2024. That's the time that I started to talk to the community around how we would need to do some changes. These changes at the time were associated with what is now referred to as the operating model part of the Operational Sustainability Initiative.

The CHAIR: Is that the model that you didn't attend the announcement of recently?

ANDREW PARFITT: Can I come back to that?

The CHAIR: Sure. I'm just curious if that was the same thing.

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ANDREW PARFITT: No, not quite, because I'm talking about the original operating model design where we were looking at streamlining, removing duplication, addressing reduction in non-salary items and essentially addressing professional staff levels at the time. That was in planning going back across the early part of 2024 to how we might address this. Coming to the end of 2024, we all remember the international student caps being introduced. That had compounded the issue. We already knew that we had the squeeze from increasing expenditure from the consequences of the Job-ready Graduates program, which had reduced funding by \$2,000 per student. That's nearly \$60 million in real terms across the period, so we knew the squeeze existed.

Then we got a substantially lower allocation of international students than we had been planning for. That then meant that the scale of the issues we had to address was larger. That's when the broader scope of the operational sustainability model came into play with the various components: the two original ones—the operating model and the cost-management of non-salary items—and then a contemplation of sustainable teaching, learning and research. It emerged over the better part of 12 months, as a result of, fundamentally, a number of policy decisions accumulating over time. One is the non-addressing of the Job-ready Graduates funding and the impact that it has on various universities in the reduction of per-student funding for domestic students. The other one was the cap on international students.

The CHAIR: Thank you for that. I appreciate it. There are a couple of questions I want to ask about that. I think all of us understand the COVID situation and the impact that that had. But there were also planned losses, weren't there? If they weren't planned and predictable, it's raising questions as to why. In terms of hits to the budget, with the assistance of the alternative plan that some of your academics have written, I understand that depreciation is quite a large component of the hit that the budget took. Couldn't that have been anticipated and planned for? That's quite a big chunk of it. To be honest, you've described the fact that you were provost for five years and then you've been vice-chancellor ever since. You've now said in multiple documents, and publicly, that UTS is in a financial crisis. Given that you essentially have been at the helm for a decade, how can this Government have confidence that you're the right person to keep doing this job? Wouldn't the decent thing be to consider your position and consider whether you should keep it?

ANDREW PARFITT: We have been working and I have been working very hard over this period to address some very substantial shocks to the system, Chair. I believe that I've got the confidence of council to do that.

The CHAIR: Confidence of council or confidence of your staff at UTS? They're two quite different constituencies.

ANDREW PARFITT: I understand that, but could I explain? We have been actively addressing serious shocks to the financial system that are essentially due to policy decisions that are out of our control. Those factors are ones that will mean that we have to address staffing levels. The plan that we put in place is one to try to set ourselves up for strength, financially, and the capacity to deliver research and education outcomes in the coming period. The financial plan, which is accompanied by the Operational Sustainability Initiative, is looking at the future environment. It's not looking to maintain the status quo. I will make that point.

The second point, which is important, is that the future environment is as uncertain as the environment we've just come from. We still have no multi-year indication on what international student numbers will be. We still have no clarity around how the funding, which is intended to flow for domestic students, will flow over the next several years. That's the environment that we're working to. I would dispute your assertion, Chair, and say that we as a leadership team, working with the council, have actually been trying to navigate a stable and reliable future for UTS.

The CHAIR: Why is it, then, that you seem to be—and please correct me if I'm wrong—maintaining a commitment to your particular version of this change plan when there's been an extremely credible alternative offered to you? I only just learnt this morning in previous evidence that you also had another set of consultants draw up a change proposal prior to the engagement of KPMG. I said, if you're not committed to seeing through your particular version of the Operational Sustainability Initiative, please let me know. But, at the moment, it appears that you're quite set in that way. What alternatives have been considered, but also what alternatives have you presented either to council or to the staff more generally?

ANDREW PARFITT: At the moment we are in a consultation process, and it is a genuine consultation process. We are looking at responses to the proposals that we've made. The value of having a proposal around which to have a conversation is a more significant stance than simply looking at a blank page. Recognising the proposal is challenging. Any change is going to be challenging. Any change will cause uncertainty. I appreciate all of that. But change is necessary. The plan that we put in place is a consultation around how we would address it as well as the finance plan, which I'll come to in a moment.

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We already have over 500 pieces of feedback on the academic change proposal. A number of those address some of the potential courses that we will carry forward, and whether or not there are options to closing them or better ways for restructuring. Most of them recognise that there is a financial issue with those particular courses and proposed ways of dealing with it. So looking at how we address that will be important. Similarly, there will be significant feedback on the operating model plan, which will be consulted for another month. That will no doubt lead to changes in the proposals that are made. In fact, the two plans together add up to a total of \$85 million. They're not the \$100 million that we started with, and no doubt there'll be changes across the course of that.

The CHAIR: Hopefully you get down to significantly less than that. Before I hand over to some of my colleagues who I know have questions, you mentioned teaching. I know Committee members want to ask specifically about that. You said in the next month or so. What is your timing? When do you think all of this will be wrapped up? You've got 500 pieces of feedback. You've got very serious considerations to make about alternatives, which seem, I've got to say, incredibly detailed and sophisticated. I'm sure you would agree, you have world-class academics in the business school, so it needs to be taken very seriously. We're often for free, I might add. You've just got to ask them and they'll tell you. When do you think this will all be wrapped? You have considered the feedback. You won't just have accepted the feedback.

ANDREW PARFITT: We'll have considered it, yes.

The CHAIR: You will have engaged with it and changed some things accordingly. When will all of this be expected? When are you signing off on the OSI version that Professor Parfitt agrees to?

ANDREW PARFITT: To the version that we will eventually put out, which is not necessarily the version that we put in, I should also add that there has been very significant engagement with people along the way if they've been developing that program. I've met with a number of the areas several times to interrogate and think about what the options are. I think we have informed ourselves along the way. This is not just a closing date and now we'll consider them. A number of the more substantial matters we've already had conversations around, as you do in a consultation process. The plan at the moment is to try to formulate all, or part of, the academic change proposal to an implementation plan by the end of the year. That may be challenging. The operating model part won't be until the early part of next year.

The CHAIR: Could I ask—and, obviously, we are going to de-identify it—for the feedback on the change proposal to be provided on notice? We wouldn't want to identify people, but I'd like that to go on notice.

ANDREW PARFITT: Can I answer the second part of your question about the alternative plan, which is a useful question?

The CHAIR: Certainly.

ANDREW PARFITT: Yes, the finance committee and the management council have been looking at what the financial plan looks like. Every year, we update the finance plan. We forecast our revenue. We examine carefully the expenditure and the trends and make decisions about what that looks like. Coming to the plan that we have, it's actually built up from our known expenditure, our known revenue and it takes the various options that we need to be able to deliver outcomes. That's where, in the investigation of how that would be sustainable, particularly beyond mid-2027, when we have to repay a \$300-million bond—

The CHAIR: Sorry, I have to stop you there, Professor. We've had this exchange before. It's a terminology issue that I'd like to clear up. You don't have to pay a bond; you've decided that that's the timing. You've decided, and the finance committee of the council has decided, that that's the timing you want to repay that bond. You could refinance. If you'd read the alternative report, there are other options. If we could just clear up that it's not a predetermined thing—it's a management decision that you and your council have taken.

ANDREW PARFITT: Which is exactly where I'm going.

The CHAIR: Fantastic.

ANDREW PARFITT: I was coming to that point, as we step through the issues that we've been dealing with. Yes, we do have to repay the bond but we could take additional debt—I think is the question that's raised—to take it into the forward period, that forward period being very uncertain. Yes, I met with the professors who developed the alternate plan. They're sitting behind me and they'll come to talk to you about it in the next session. I was very grateful for that actually because there are some insights into what some of the alternatives might look like, but the choice that's made is one of judgement. It's judgement about risk, it's judgement around what controls we have and it's judgement around what is actually going to deliver the long-term sustainability of the university.

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There are two elements that sit behind our decision, as you put it, Chair, to proceed with the finance plan that we have at the table at the moment. One is there is a reliance in the alternative plan on significantly reducing expenditure growth, including expenditure growth that's tied to the earning of revenue through international students and the growth around that, and including the capacity to be able to restrict very substantial costs associated with IT and other things, which grow well beyond inflation, well beyond CPI. The basket of things university buys grows well beyond CPI. Of course, we have a wage claim at the university, which is asking for a 20 per cent pay rise over four years. These are the things we're dealing with in terms of the expenditure growth. Coupled with that—

The CHAIR: Sorry, I want to—then I promise I'll finish and pass to my colleagues, because I think there's a lot that they'll want to take up with you as well and we only have a certain amount of time. You talk about it being a judgement—the decision. There's the plan and the alternative plan but then there's a judgement being made. We're talking, on the one hand, of a panel of six eminent professors who teach the KPMGs of this world and all of those kinds of organisations how to account in large organisations. We have them on the one hand putting forward a solution. Then we have—sorry, whose judgement that that isn't correct? As I understand it, those professors have used the assumptions that the university made in its budgeting. Whose judgement are we comparing to a group of eminent professors who teach the rest of Australia how to account?

ANDREW PARFITT: This is less about how to account, Chair, than more about how we should resource the university. That's the choice that one makes in these. It's a case of us having to manage the risks that are in the environment at the moment. We also have to make choices. That's the role of council, the role of the finance committee and the role of management.

The CHAIR: The role of council, whose experience in the university sector collectively would be that they've all done degrees. So the judgement on how to resource a university sits with a university council—and potentially, I suspect, management—who are not academics and the majority of whom haven't worked in universities. Their judgement about how to resource a university is preferred to not only experts in accounting but senior academics with—I'm going to conservatively suggest—well over 100 years of collective experience in academia. I want to be clear as to who's making these decisions.

ANDREW PARFITT: The people making the decisions are those charged with making the decisions in the oversight of the university.

The CHAIR: A council. So we'll talk to the council about their qualifications, as academics, to make those assumptions.

ANDREW PARFITT: Or as professional leaders.

The Hon. SARAH MITCHELL: Thank you, Professor Parfitt, for being with us today. I wanted to follow up on what Dr Kaine was talking about there in terms of the make-up of the university council and how that has a role to play in governance. We heard from the unions earlier about wanting to have a bigger percentage—I think it was at least 50 per cent—and recognising the staff and the students. But I would suspect, putting me at odds with the Chair, that also having people with that sort of outside corporate experience can have some benefits as well. Can you just talk to that a little bit more in terms of the corporate governance structure operating at the moment and what those sorts of diverse views bring, particularly when you are going through a period of challenge, as you are at the moment.

ANDREW PARFITT: I have to say that I welcome that question because there's an assertion that's been made here that council members are inadequately, somehow, prepared to manage a large, complex organisation in a way that's appropriate. I have to put on record that I disagree with that. Our council is extraordinarily experienced. We have a chancellor who's very distinguished in the business community and understands large, complex organisations. There are three ex-officio members of council, which include myself and the chair of the academic board. I do think there is academic experience in that group. There are representatives. Currently, we have three staff and two student representatives.

In addition, we have a range of skills that are required to oversee the governance and the operation of the university. That includes people from the public sector and from not-for-profit organisations, people who have business and finance backgrounds, audit and risk backgrounds, and the capacity to be able to, extraordinarily, give a diversity of views on how the university is running and make good judgements. So the council is highly skilled. We have a skills matrix, which is partly mandated through the Act but also mandated through the requirements that the higher education standards and other areas would put. I would also point out that our council has—from the external members, but also if you include myself as an internal—four fellows of learned academies. Three of the external members of council have PhDs. I really don't accept the proposition that a council of that calibre is unable to make adequate judgements for the future of the university. Does that help?

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The Hon. SARAH MITCHELL: Thank you, that's useful. One other issue I wanted to raise was the questions around consultants. Obviously that has come up today, and I suspect we'll talk about that later and in other hearings. From your perspective, the alternative plan—and, again, I'm foreshadowing this to the witnesses who are waiting to come on. I'm interested that witnesses spoke about the university developing its own in-house consultation service, and I'm keen to get your views on that.

ANDREW PARFITT: This is obviously a contentious issue. We spend roughly \$40 million a year on consultancy, out of a budget which is over a billion dollars. A large proportion of those consultancies is the acquisition of technical expertise that does not exist within the university—for example, for large technology projects and for planning for building projects. In fact, our annual report characterises our consultancy spend and actually articulates the areas in which we spend money. I'd have to say that we have heard the issue that people are concerned that this may not be the most appropriate use of all of the money, so we have commissioned an internal audit for the next year's process that looks at how we make decisions around the choice to use external consultants. That may well bring in an opportunity to see the parameters under which we will build internal expertise in future.

Yes, there is a good deal of expertise within the university, but there are some circumstances which require independent external judgement or they require independent external expertise that we simply don't have. There's another line that mixes up in that consultancy, which is that we sometimes buy in consultancy as part of research and other contractual work, which might mean other universities that are part of research projects. It's a very large mix of different types of consultancies that are within there. We try to break it out in the annual report when we articulate the lines of those. But we're certainly not averse to responding to, when we see the mix of those, how we might use that resource differently. I would suspect that maybe half of what's in there at least would be simply resources that we're not able to acquire in any other way internally.

The Hon. SARAH MITCHELL: This question goes to the issues around some of the course offerings. There has been obviously some public reporting around primary education, for instance, not being offered. We heard some evidence earlier today about public health courses as well. I just wondered if you wanted to comment on those decisions. Particularly, I'm interested in the education space and why those decisions have been made.

ANDREW PARFITT: Those decisions have not yet been made. They're actually proposals that are under consideration. The decision was made, to the point that was made earlier in the session, to temporarily suspend intake so we could provide clarity to students for 2026. But that does not mean that the courses have been discontinued. That will be a future decision. I have, with others, been actively engaged in discussions with some of the areas that have been more contentious and heartfelt for us too. Nobody wanted to close some of these courses but they have, for us, relatively low demand and high subsidisation. When you have less money to spend, you actually have to make harder choices, rather than shaving things off of everywhere.

But those courses are currently actively under review. As I was indicating earlier, I think there are potentially, particularly in the postgraduate public health area and particularly in the teacher education area, options now emerging for alternative ways that we may be able to preserve those courses. I'm not saying that decision has been made yet, but it's a part of the consultation process. As I said, it is a genuine consultation process. We'll be considering whether or not there are ways in which those courses can be delivered in a way that's more economical and perhaps different and distinctive in areas. Many of these courses also are offered by other universities. As we move into a future system-based approach to universities across New South Wales and across Australia, then there may well need to be more choices about what is offered where and in which way. We regret having to make those recommendations at this stage. We are in the process of considering whether there are options.

The CHAIR: On those courses, I know my colleague Emily Suvaal has some questions for you.

The Hon. EMILY SUVAAL: I particularly wanted to ask you a couple of questions about some of the proposed courses that are being considered to be scrapped. I'm a proud UTS alumni and registered nurse. I studied at the Faculty of Health. It was largely regarded then, as I believe it still continues to be, as one of the best nursing subjects and nursing cohorts in the country. You mentioned a low level of demand and high levels of subsidisation. One of the areas that particularly concerns me is the proposed scrapping of all of your postgraduate palliative care offerings. Could you explain to me how that is in the community good?

ANDREW PARFITT: It is absolutely not in the community good. I understand that entirely. The choices in the mix of postgraduate public health offerings is currently under consideration as to whether or not they can be resourced differently so that we could continue to offer that. I understand it's a unique course.

The Hon. EMILY SUVAAL: It's a very unique course. It's also a very unique area of health care, and one that, again, in the undergraduate curriculum, whilst it's embedded arguably across all of patient-centred care—

CORRECTED

palliative care as a component of that—there is one subject currently within the nursing curriculum that is for palliative care, and that is an elective. Could you take on notice whether or not that single elective that's currently offered as part of that undergraduate program is on the scrap heap? Because that would leave the university without any palliative care courses for their entire nursing cohort, which is extremely concerning, and, as you say, not in the community good.

ANDREW PARFITT: Yes, I'll take that on notice and absolutely look at what that looks like in terms of the mix of offerings. Again, we are driven to some extent by students wanting to take these. But we are also conscious of the fact that in the Faculty of Health, as you're probably aware, there is deep expertise in this area—so how we can leverage that effectively into a course structure that is viable to be able to continue to operate. Sadly, and still not in the conversation nationally around the funding of universities and courses, all of the money that comes to universities to fund education—and, to a certain extent, research—is linked to per-student income. Therein lies the issue: Where there are significant public good offerings across the sector, universities have to make choices around where the revenue, if you like, to support those courses comes from. We make choices around subsidisation, and that's the choice we have to make at the moment.

The Hon. EMILY SUVAAL: I understand that, but it is a requirement under the UTS Act that there is a community good that is required to be met as part of what you're offering.

ANDREW PARFITT: Absolutely. The Act also says within the resources that are available, so we take that—

The Hon. EMILY SUVAAL: In terms of the School of Public Health—and I know that was touched on earlier as well—could you explain again how the decision to basically dismantle that entire school is in the community good?

ANDREW PARFITT: The school structure is an issue broadly across the university, not just in that area. It may well be that some disciplines are not able to have a scale to be with a school, but could be in another school shared across other disciplines. It's not an uncommon model—nursing, for example. You may know originally UTS had a Faculty of Nursing. That's now a Faculty of Health. So disciplines can thrive well in different areas, provided that we could have the scale that would enable us to deliver. Looking at how we would continue a public health discipline is an important consideration that we're having in the consultation.

The Hon. EMILY SUVAAL: Given, again, the deep expertise with a number of these experts, which our State rightly needs, would you agree that there is a level of community good that is required in maintaining—

ANDREW PARFITT: I understand that.

The CHAIR: I just want to ask one quick question on the teaching side. When you were talking about the decisions about which subjects to suspend—and I guess there's some kind of calculus around how many students are taking it and where you might subsidise—what weighting do you give to the public good? Could you provide any documentation which shows how you balance up—and indeed also the documentation around how you determine the cost-effectiveness or otherwise and what the methodology is behind that? Because I understand that's potentially contentious. If you could provide all of the documentation about that, but in particular also how do you—and what conversations have you had at council and if you could provide any papers that consider your obligations with regard to public good and community good with regard to the Operational Sustainability Initiative altogether, that would be appreciated if you could take that on notice.

The Hon. ANTHONY D'ADAM: I wanted to come back to the question around the provost. Sorry, I'm not familiar with university governance arrangements. I'm assuming the provost is like the CFO. Is that right?

ANDREW PARFITT: No, I think another term that might make it comparable is the chief academic officer of the university. There is a chief operating officer who looks after the administrative part of the university. And, historically, we've had a provost that looks after the faculty—the executive that sits between the vice-chancellor and the faculties.

The Hon. ANTHONY D'ADAM: What does the provost do?

ANDREW PARFITT: Yes, that's the interesting question. The provost does quite a lot of planning with the faculties, which is now again local level. The role of the provost included university planning, some functions at an institutional level as well as essentially the management and oversight of the faculty deans.

The Hon. ANTHONY D'ADAM: How much does a provost get paid?

ANDREW PARFITT: I couldn't remember. The salary band for the provost is in the order of—600 to 700 is the band, I think.

CORRECTED

The Hon. ANTHONY D'ADAM: That's \$700,000?

ANDREW PARFITT: Six to seven I think is the band.

The Hon. ANTHONY D'ADAM: How much do you get paid?

ANDREW PARFITT: I get paid a total package—this is package, sorry, and includes superannuation—of about 920.

The Hon. EMILY SUVAAL: Thousand, let's be clear.

The CHAIR: Thousand, yes—not dollars.

The Hon. ANTHONY D'ADAM: Yes, \$920,000.

ANDREW PARFITT: Sorry I wanted to complete the whole sentence.

The Hon. ANTHONY D'ADAM: I'm curious about that decision. You want to abolish the provost position, presumably as a saving?

ANDREW PARFITT: It is a saving. The whole saving is a bit over \$1 million when you include all the support structures.

The Hon. ANTHONY D'ADAM: It's kind of odd that you were the provost beforehand and now you're recommending that that position is unnecessary. Did you think it was unnecessary when you were doing it?

ANDREW PARFITT: Well, there are many universities in Australia that run without a provost. In fact, I came from one, the University of Newcastle. But I think it very much depends on how you're going to operate at a particular point in time. Some universities have not had a provost, then have created a provost; some have gone the other way. It's not a standard model.

The Hon. ANTHONY D'ADAM: Did you recommend for the abolition of the provost while you were there?

ANDREW PARFITT: No, I did not.

The Hon. ANTHONY D'ADAM: I want to come back to the question about the university council. Who appoints the chair of the academic board?

ANDREW PARFITT: The chair of the academic board, from recollection, is appointed by election from the academic board.

The Hon. ANTHONY D'ADAM: So it's an elected position?

ANDREW PARFITT: It's an elected position.

The Hon. ANTHONY D'ADAM: My understanding is that there are 20 people on the council. Is that right?

ANDREW PARFITT: There are 18 people, I think, on council, yes.

The Hon. ANTHONY D'ADAM: My rough understanding is you've got three official positions, and two of those are the chancellor and the vice-chancellor.

ANDREW PARFITT: That's correct.

The Hon. ANTHONY D'ADAM: They're voting members?

ANDREW PARFITT: Yes.

The Hon. ANTHONY D'ADAM: And they're appointed by council?

ANDREW PARFITT: The vice-chancellor is appointed by council, yes. And the chancellor's appointed by council.

The Hon. ANTHONY D'ADAM: Then you've got two ministerial appointments. Is that still the case?

ANDREW PARFITT: That's correct.

The Hon. ANTHONY D'ADAM: And then you've got five elected: three staff and two students. So the remainder is 10, is it?

ANDREW PARFITT: Yes, of that order.

CORRECTED

The Hon. ANTHONY D'ADAM: The 10, they're appointed by council?

ANDREW PARFITT: They're appointed by council.

The Hon. ANTHONY D'ADAM: So a majority of the council is appointed by itself.

ANDREW PARFITT: Yes, I think that's right.

The Hon. ANTHONY D'ADAM: Aren't you like a self-perpetuating clique?

ANDREW PARFITT: I wouldn't describe it as that.

The Hon. ANTHONY D'ADAM: If the council is accountable to itself—like, ultimately, you're accountable to the council and you're part of the process that appoints the council—don't you think that's a really problematic system in terms of accountability? Who are you actually accountable to if you're only accountable to people that you appoint?

ANDREW PARFITT: It's a question, I think, probably for the chancellor when you speak to the chancellor, honestly.

The Hon. ANTHONY D'ADAM: Do you think that's a good governance system?

ANDREW PARFITT: Consider how other boards are appointed by looking around to select against the skills matrix; we do the same thing, choosing against the skills matrix. We have fixed terms.

The Hon. ANTHONY D'ADAM: Except other boards have an accountability mechanism, because ultimately boards are accountable to shareholders and shareholders can spill the board. They can reject the remuneration report. Mechanisms are there if that's not working, that system of self-appointment and recruitment. It's all well and good having a skills spread on your board; that's a good thing. But ultimately, if that mix is not right, there's another mechanism to make sure that's set right and that's the accountability to the shareholders. But you don't have any of that.

ANDREW PARFITT: We don't have that.

The Hon. ANTHONY D'ADAM: So there's no mechanism for actually—arguably, there's sort of an incentive for everyone to look after their own interests, isn't there?

ANDREW PARFITT: I think there's a process by which members have terms that are fixed. There are decisions made around whether they've performed adequately in terms of their role, and then there's turnover which occurs across the board and it's an opportunity for refreshing the board at those points.

The CHAIR: But chosen by you again, for those appointments.

ANDREW PARFITT: By me?

The CHAIR: Well, from the council again.

ANDREW PARFITT: Yes, that's the way the system works at the moment.

The CHAIR: You refresh from a pool of agreed two people that are acceptable to that group of people.

ANDREW PARFITT: I guess that's the approach.

The Hon. ANTHONY D'ADAM: How many job cuts are proposed?

ANDREW PARFITT: Initially we proposed 400.

The Hon. ANTHONY D'ADAM: I think the NTEU was saying that's about 10 per cent of the staff.

ANDREW PARFITT: Yes, around about.

The Hon. ANTHONY D'ADAM: That's pretty drastic, don't you think?

ANDREW PARFITT: It is.

The Hon. ANTHONY D'ADAM: It must be a pretty significant crisis to feel like you have to cut 10 per cent of your staff.

ANDREW PARFITT: Yes. Some of this, as I said before, was an approach to streamlining, removing duplication, looking at the administrative systems that we have in place and the way in which we deliver services. And I think there has been attention placed—

The Hon. ANTHONY D'ADAM: Why can't you reduce over a longer horizon?

CORRECTED

ANDREW PARFITT: Because of the environment that we're in, as I tried to explain, with the circumstances we have at the moment where we have had caps—now controlled revenue—and no sign of where revenue is going at the moment into an environment that's very uncertain.

The Hon. ANTHONY D'ADAM: So you're saying that the future—I think you said the forward period is full of uncertainty. But, arguably, the past period was full of uncertainty too. We had COVID. There are fluctuations in the international student market. There's always uncertainty. Isn't it your job—you're being paid quite a substantial salary—to appraise the risks?

ANDREW PARFITT: Yes.

The Hon. ANTHONY D'ADAM: If you get that risk assessment wrong, shouldn't you be held accountable for that?

ANDREW PARFITT: Yes, I am accountable for it. But, as I pointed out earlier on, the issue that we have is that nobody foreshadowed that we would have a massive cut to international student numbers.

The Hon. ANTHONY D'ADAM: But there's always been that uncertainty.

The Hon. EMILY SUVAAL: There was never a cap.

The Hon. ANTHONY D'ADAM: There's always been that uncertainty in the past and in the future. It's the job of the chief executive officer to appraise the uncertainty and, if you get it wrong, ultimately, you should be held accountable. There have to be consequences to that accountability. But it seems that, in your position, there are no consequences.

The CHAIR: Maybe we turn that into a question. Professor Parfitt, what are the consequences for a perpetuated crisis that you have overseen?

ANDREW PARFITT: There's a perpetuated crisis that we've been managed.

The CHAIR: Partly, and partly it's the result of—we heard earlier, and you can see if you walk up Broadway—decisions to invest in particular buildings and capital expenditure which you oversaw. You knew when the bond was going to be due. You should have known, I presume—or someone on your council should have been talking to you about the big depreciation issue which was going to show up. How you choose to view that—as a massive problem or a crisis, or whether that's just part of how big organisations operate when they build new buildings—ultimately you should have foreseen a large chunk, including if there's an issue with enrolments in courses that have suddenly popped up and all of those things.

COVID, I'll give you. But all of the other things you're talking about have been foreseeable, and the cap that you keep talking about, as my colleague has just pointed out, did not eventuate. In fact, I understand you have record numbers of international students this year at UTS. The question stands: What are the accountability mechanisms for you or for council in overseeing what you claim is a financial crisis that has to be managed in one of the most drastic restructures that we have seen proposed in the tertiary sector?

ANDREW PARFITT: Let me deal with the question in the various parts. First of all, the decisions to build the campus are decisions taken more than a decade ago. The main campus master plan and the consequences of that, including known factors around being able to accommodate the depreciation plan—and I'm not trying to shift blame or responsibility. I'm simply saying these decisions take place in very different environments over many years, including an environment even then where you had to make a judgement around the capacity to be able to support the investment. That was in the time when universities were growing their international student market.

In fact, yes, you're quite right: We're lucky to have strong demand for international students. I would hate to think what happened if the demand actually dropped. The challenge is not so much the demand for international students that we have at the moment; it's where we had projected them to be. Your point about the caps not coming in is a little bit misleading because the caps might not have come in, but the visa-issuing machinery to control the numbers did. So we are around a thousand students short now over two years of intakes, in terms of what had been forecast to come without that shock to the sector.

The CHAIR: Professor Parfitt, again, I appreciate what you're saying about things outside of the control of the university, and I think everyone who's involved understands that there are contextual issues. But, again, international students and the reliance on international students as a key part going forward—I raised that issue at council when I was on council, and I asked about the risk that we were taking regarding that heavy reliance on one area of funding. That is not a risk that couldn't be foreseen either. You were there at that time.

ANDREW PARFITT: I was.

CORRECTED

The CHAIR: Again, what accountability is there, when risks that were foreshadowed by others or could realistically be seen haven't been adequately planned for?

ANDREW PARFITT: You will have also recalled the conversation that we had regularly at council about the issue of overexposure to international students and the decision that was taken to limit that number to around 30 per cent of our total student load. That, I think, was a prudent decision to ensure that we weren't even further exposed. That was a decision taken to ensure that we oversaw that risk, and council actively managed that. We now have a proportion that's around 23 per cent or 24 per cent of our load. That has a material financial consequence as well, but I think the decision to say we would accept the risk of 30 per cent is, and remains, a sound judgement. We are not yet back at 30 per cent, and we're trying to return to 30 per cent.

It is a fact for the Australian higher education sector—and some of you will have heard me say this before—that it is not a good thing that we are so reliant on international students for being able to provide all the services we do, not only for international students but also for domestic students and for our capacity to support research and innovation. But that's the system that we have. There's no intention, as far as I can see, for the Commonwealth Government to replace the international student revenue. If that international student revenue diminishes—we did this analysis at the time of COVID, and we also analysed it with the risk around there—the university sector in Australia and New South Wales would be fundamentally different and fundamentally less able to provide the education and outcomes that we desire and need for our communities.

The CHAIR: I will say that there was no intent in my question to suggest that we shouldn't have international students; it was to suggest that there are appropriate ways of planning around that risk.

The Hon. ANTHONY D'ADAM: You said that the \$300 million bond and the building decision were made more than a decade ago.

ANDREW PARFITT: The bond was not, but the building program was.

The Hon. ANTHONY D'ADAM: Do you stand by the decision to spend that much money on buildings?

ANDREW PARFITT: I wasn't at the university at that stage, but I would stand by the fact that the decision that was made back then was a very good decision for UTS. In fact, it has significantly raised its profile and the ability for us to attract high-quality students and students internationally. The benefit of the investment in the campus and the foresight—

The Hon. ANTHONY D'ADAM: They've come for the building?

The CHAIR: I think that's the argument.

The Hon. ANTHONY D'ADAM: That's the argument: If you have pretty buildings, the students will enrol?

ANDREW PARFITT: It's the amenity of the buildings and what they offer—the capacity to be able to support research activity and the infrastructure that is needed to be a contemporary university of technology. Those were very sound decisions.

The Hon. ANTHONY D'ADAM: Knowing that that decision is, in some ways, responsible for the drastic crisis that you need to address now—the 400 job cuts that you need to make—you still stand by that decision? You think it was better to make that decision in the past and have to do what you're doing now?

ANDREW PARFITT: I think you always have to make decisions, to the point that was made earlier, with the information and planning that you have available. A decision made the better part of 15 years ago, to be able to rejuvenate UTS, to lift its performance and to drive outcomes, could not have foreseen the impact of COVID and could not have foreseen the impact of all of the policies. Effectively, we did manage the number of international students to a degree that was proportionate. Not all risks come to land, but some do, and that's where we find ourselves at the moment. We are in the process of planning to look forward into what will undoubtedly be yet another series of decisions that will have to be made on imperfect information.

The Hon. ANTHONY D'ADAM: Doesn't the decision to build the building really reflect an orientation, in terms of the thinking of the management of the university, which is giving priority to the market orientation as opposed to its core social obligation? The decisions around courses and assessing course offerings on the basis of enrolments and that framework—don't you think that there is something fundamentally wrong with that and that that's at odds?

ANDREW PARFITT: I'm not sure that I agree, because the scale and impact that UTS has now is way beyond the scale and impact that UTS had 15 years ago. The success of that strategy I think is self-evident.

CORRECTED

Whether or not we are fit for the next period of time will depend on decisions we take now, which are hard decisions. They are terrible decisions, but we have to make them.

The CHAIR: I will pass to Ms Merton. We will go a little bit longer because we started later.

The Hon. RACHEL MERTON: Professor, thank you very much for your time. We really value your expertise on this important discussion. I'm wondering if I might be able to draw your attention to some media reports you might have seen. Earlier today we had comments from the union about some of the university chiefs' salaries. It was reported that you were listed at \$1.35 million and Mark's got \$1.34 million. The comparison was made in terms of the sustainability of these salaries to the fact that they are double the Prime Minister's salary of \$587,000. Professor, I'm wondering, in the current environment, where we talk of financial instability, the uncertainty, the restructure, and the consequences we're seeing for staff and students and course offerings, are these salaries sustainable?

ANDREW PARFITT: I don't know what was cited about my salary, but I declared my salary earlier. It's not \$1.3 million. That's a question that's been asked through the Expert Council on University Governance. I think there needs to be a process of independently determining whether the salary levels for executives in universities is at the right level, so I've supported the recommendations from the expert council for them to be able to run that process to be able to calibrate whether they are the right salaries.

The Hon. RACHEL MERTON: I have a second question. Earlier this morning, it was discussed by Macquarie University that the State has abrogated its responsibility to the sector and not provided them with the space to generate new income. I'm wondering whether there was anything you might want to add to that in terms of potentially looking at non-government funding sources or opportunities that might be available. If there are barriers in place, what do we need to know?

ANDREW PARFITT: Thank you for that question, because, as I said in my opening statement, New South Wales universities and the State Government in particular have worked together very well across many years now. Across the challenges of COVID, the New South Wales Government was incredibly supportive of the way in which we operated. Some of the investments that have been made by the New South Wales Government into infrastructure and into programs were done through the chief scientist. Our collaborations with the local health districts across New South Wales represent extraordinary investments of resources and time for universities. I would be the last person to criticise the New South Wales Government for abrogating a responsibility to universities.

Obviously, we want to continue to work closely with the State Government. There are areas that we would like investment in, but we recognise that the State Government is not our primary funding source. We're funded principally through student revenue, through research grants that we get, and through funding from industry and so forth. We value very much the relationship we have with the State Government, and we want to continue that. The NSW Vice-Chancellors' Committee in particular will continue to work with the State Government around initiatives that align for the people of New South Wales.

The CHAIR: Professor Parfitt, we are coming to the end of our session for today, but before we go, we've been talking about salaries, and I wonder if I could get on notice the salaries of all executives who work out of the chancellery: the deputy vice-chancellors particularly, and the chief operating officer, who I think in the past worked at TAFE. If we could get some information on all the salaries of executives at UTS, that would be appreciated. Thank you again, as I said, for appearing today. The secretariat will be in touch with questions on notice. I suspect there might also be some supplementary questions. I appreciate you being here today.

(The witness withdrew.)

(Luncheon adjournment)

CORRECTED

Associate Professor PETER DOCHERTY, Associate Professor in Economics, UTS Business School, University of Technology Sydney, and author of the UTS Alternative Plan, sworn and examined

Professor STEPHEN TAYLOR, Distinguished Professor of Accounting, UTS Business School, University of Technology Sydney, and author of the UTS Alternative Plan, sworn and examined

Professor DAVID BROWN, Acting Head Accounting Discipline Group, UTS Business School, and author of the UTS Alternative Plan, sworn and examined

Professor MARTIN BUGEJA, Professor of Accounting, UTS Business School, University of Technology Sydney, and author of the UTS Alternative Plan, sworn and examined

Professor SUE WRIGHT, Professor of Accounting, UTS Business School, University of Technology Sydney, and author of the UTS Alternative Plan, sworn and examined

Dr ROBERT CZERNKOWSKI, Senior Lecturer, UTS Business School, University of Technology Sydney, and author of the UTS Alternative Plan, sworn and examined

The CHAIR: Welcome to this session of today's hearing. Thank you all very much for making the time to come today and for your submission. Do you have a short opening statement?

STEPHEN TAYLOR: Our paper, *Operational Sustainability at UTS: An Alternative Proposal*, was prepared in response to the Operational Sustainability Initiative—OSI—proposed by the vice-chancellor of UTS, Professor Andrew Parfitt. We engaged in an extensive analysis of publicly available financial data reported by UTS, but we also want to acknowledge the time and the resources of UTS's chief financial officer and also of Professor Parfitt himself, who engaged in discussions with us about our analysis. Where necessary, we amended our starting assumptions and incorporated additional information so that we could also accurately replicate the predicted outcomes of the official UTS OSI plans.

We absolutely recognise the need for continuous change within UTS to better reflect technological and educational needs and capabilities. Such necessary incremental improvements have been lacking for a decade or more. Our report, which we have provided to the Committee, supports a number of key points in relation to the scope and inherent risk of the UTS OSI proposal. First, the UTS OSI proposal represents simultaneous and fundamental operating and academic changes. Such an all-at-once approach, developed with the assistance of external consultants, has very substantial operating, reputational and, hence, financial risk beyond that associated with a more incremental and considered approach.

The extent to which UTS faces a financial crisis underlies the UTS OSI proposal as a "change everything at once" plan. In contrast, our analysis disputes the validity of this underlying narrative, and hence we feel vindicated in arguing that a more measured and collegial approach to continuous change would be far more likely to achieve longer term financial sustainability while also significantly lowering operational and reputational risk. Attempts by NSW TAFE between 2016 and 2020 to impose centrally directed, rapid, simultaneous operational and academic structural change have been extensively critiqued by the NSW Audit Office. We argue that the One TAFE report contains important examples of the high levels of operational and reputational risk embedded in the UTS OSI proposal.

The CHAIR: I wondered if, to begin with, we might establish a bit about your backgrounds. What makes you the right people to be making any suggestions of this nature to the university?

PETER DOCHERTY: I've been an academic economist in one form or another for the last 40 years. I've worked at the University of Sydney and the University of New South Wales, and I've been at UTS in the business school for 25 years. My area is macro-economic and monetary economics, and part of that involves modelling various kinds of outcomes and shocks to the macro-economy. I've got quite a bit of experience thinking about structural systems—larger ones than the UTS university—and the sorts of risks that can be associated with sudden changes to the circumstances in which they operate.

STEPHEN TAYLOR: I have had a long career in academia. During that time, I've also worked as an academic adviser to funds managers. I've also appeared as an expert witness in a number of cases around areas such as accounting policy, disclosure and valuation, particularly of listed companies but also of private companies. I have been the director of a number of commercial and not-for-profit entities, including being chair of the audit committee of a couple of those entities. I currently serve as the deputy chair of the Australian Accounting Standards Board. I do wish to put on record that any views I might express are purely my views, not those of the Australian Accounting Standards Board.

The CHAIR: I appreciate that.

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DAVID BROWN: My background is in the design of systems in organisations for decision-making and for performance, and so I've spent 25 or nearly 30 years studying lots of different settings in which this occurs, including universities, and determinants of performance in universities. I'm familiar with the research literature that speaks to this. My more recent experience is dealing with the genuine financial crisis that sits in the aged-care sector at the moment. I lead quite a large team that did a lot of financial analysis for the royal commission into aged care, and we lead the major financial analysis in the aged-care sector at the moment. I would point to the fact that, as a team, we have a very detailed understanding of the nature of financial viability, and that informs my input into the analysis that we've done for UTS.

MARTIN BUGEJA: My background is financial accounting. After I completed university, I worked in the banking sector in financial accounting, both at the Reserve Bank and Advance Bank, for those of you who remember that. I then started my academic career at the University of Sydney. My research focuses on financial accounting and also corporate governance, and I've received a number of large ARC grants in both of those areas. The latest one is looking at director elections, so I've got some expertise around corporate governance and some of the things that have been discussed today.

SUE WRIGHT: I've been an academic for 40 years across three universities. In that time I have done a lot of teaching, but I've also had a number of head-of-department roles. I've been in management at universities for a significant period of that time as well. My research covers a lot of corporate governance issues that are relevant in Australia today, and certainly corporate governance in the not-for-profit sector is of great interest to me currently. Also, I'm the lead Australian author on the only Australian textbook on financial statement analysis and valuation. That would have undoubtedly been the textbook used by any consultants that we may have engaged at the university over the last 15 years. I've been teaching that subject for about 25 years.

ROBERT CZERNKOWSKI: I graduated from Tasmania and I worked for Coopers and Lybrand, which is a predecessor of PricewaterhouseCoopers, and for Deloitte, but please don't hold that against me. During my academic career, I principally taught financial accounting, although I've taught across almost the entire spectrum of accounting education, including an analytics program that we've recently launched at UTS. Principally, the subject I teach is accounting standards, which seems quite dry. But the way I frame it is in terms of incentives, in particular the decisions that people can make, the accounting choices they can make and what incentives drive those accounting choices. That is particularly relevant when judgement is called into play in making decisions. To wrap up, in order not to inflict my name upon you, if you want to call me Robert, I'm absolutely happy for you to do that.

The CHAIR: I thought I'd just figured it out. I'll practise. Thank you very much, all of you, for that overview. I wanted to start with a very basic question. Why did you put forward the alternative proposal? You're busy academics, by the sounds of it. There are lots of other things you could be doing. Why did you put forward the alternative proposal?

STEPHEN TAYLOR: Maybe I could start on that. As academics that have all had a lot of experience, we've seen, in various institutions in which we've worked, change proposals that have involved restructuring various aspects of the way the university is administered and the way in which teaching and research are structured. Between us, we have seen quite a number of examples where things have not worked out particularly well relative to what the university management may have legitimately intended. In this particular case, what the university is proposing seemed to be quite drastic.

I think it's quite reasonable that people who don't necessarily resist the idea of change in any way but are concerned that massive change all done at once creates very significant risks in an operational way are asking, "Can you actually achieve it?", as well as about the reputation effects. That was what encouraged us to actually ask, "Is the underlying narrative to this proposal quite as valid as is perhaps being claimed? How big is the UTS financial crisis?" That started us down the track of trying to do some detailed analysis. We're fortunate that Associate Professor Docherty is particularly good at the financial modelling aspect of the task. That's what then led us to try to build some projections about future outcomes, to see the extent to which we would call it a crisis versus a cause for concern.

SUE WRIGHT: I'll just add that over the last three years, when I was head of department in accounting, I had some conversations with the then dean, who would quote things from the university's leadership committee that the university is losing money. I flippantly said at one point, "We're not losing money. There's no cash flowing out. It's a profit. It's the way it's interpreted." With some of my colleagues, back in 2022, we then started analysing the university's financials and essentially giving an alternative perspective. I know that many of my colleagues, not just those here today, continue to analyse the university's financial position. It's something we do with a great deal of passion as well as expertise. We would say that the interpretation that's being given at the centre of the university is not the one that we would give to the accounts.

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The CHAIR: I've read your alternative proposal, and the thing that struck me about it was that quite a lot of the university's approach is really a question of management choice—"If you choose to behave or you choose this course of action, this is going to be the result." It's not predetermined and there's not some set of numbers that means you have to act in this way. Would that be a reasonable assessment?

SUE WRIGHT: That's extremely true. I'll let my colleagues answer, perhaps, in more detail. Even to the extent of the measures that are used, we find the university flipping between cash flow and profit and some other concept of profit, depending on the number that tells the story the best. We have been consistently saying that the cash flow is positive and has been each and every year, and the necessary accounting measures, which really there is no choice over, do not represent the best measure of performance.

The CHAIR: Before I throw to you all to tell us a bit more about the alternative proposal in non-accountants terms—for the benefit of me, if not for the rest of the Committee—I have to ask, what's in it for all of you? Professor Taylor, you spoke about that you're just doing it. I mean, is there anything else? Is there any motivation? Do you get anything out of doing this?

STEPHEN TAYLOR: No. Other than feeling like, at the end of the day, we'll have contributed to hopefully an informed discussion about the underlying situation and hence what the best way forward really should be. Chair, you will know yourself from your own prior work experience that the overwhelming majority of academics feel very passionately about the welfare of their institution. That's really what our concern was in this case—not wanting to see an overly drastic course of action taken partly perhaps in response to actions not being taken in prior years. We didn't want to see such a drastic course of action taken if it wasn't absolutely necessary because of the risks that that poses.

The CHAIR: Can you tell us a bit more about the alternative proposal and specifically how it differs from the university proposal, what's become known as the OSI? How does it differ and how does it represent a better outcome in terms of particularly staff, courses and those kinds of things?

PETER DOCHERTY: Perhaps I should answer that question. The overarching objective of the alternative proposal is to see whether there's an alternative path to address the key concerns outlined in the university's OSI document—the Operational Sustainability Initiative document—that doesn't involve significant academic redundancies and significant redundancies of support staff across the university. There's a section in the alternative proposal that outlines the risks associated with such significant disruption to the academic workforce. A question came up this morning, I noticed, about the success of UTS over the last 15 or 20 years, and I would say it's not due to the wonderful buildings we have, which are great; it's due to the hard work of the academic staff and the people that support them. The objective was to try to avoid that and to see whether there was an alternative path forward.

Part of that involved us looking at what the sources of increase in recent costs have been. It was clear from that analysis that increased academic salaries were not responsible. In fact, increase in non-academic salaries—particularly staff in central administration—were a very significant part of the increase in costs that we've experienced just since COVID, just since 2020. One of the things the alternative proposal does is to address that source of cost increase, and we recommend significant reductions there. Unfortunately, that involves the redundancy of something like 86 people in central administration. But that's been a very large source of increased costs recently.

The other thing we do is to model how we can repay the debt that's due for repayment in 2027. Whereas the university wants to pay all of that back in one go—that's a \$300 million bond debt maturity—we're recommending that there's probably sufficient cash reserves to pay back half of it and then to refinance half of it, but only for two years, so that by the end of the planning period, which is up to 2030, we actually achieve what the university wants to do. They want to pay all of the bond back. Well, that can be done, but just not in 2027. It involves some refinancing for a couple of years. But we end up in 2030 in roughly the same place in terms of cash flow and debt repayment that the OSI seeks to achieve, but without 400 staff being made redundant.

The CHAIR: When I read it, I just wanted to confirm this: You're talking the same outcome but on a maybe two-year delay? So the same outcome that the university is looking for, but for some reason they're suggesting it has to be in 2027? For some reason we—that's you, us, the public, staff—haven't had it explained as to why it needs to be 2027. It's just some vague risk of something in the future.

PETER DOCHERTY: Yes, that's exactly right. Two reasons have been offered to us for the preference to repay back the entire \$300 million in 2027. The first is a vague reference to the appetite for risk, which is never really unpacked for us in any detail. And the second—perhaps it does attempt to unpack to some degree—is that the vice-chancellor is worried about a reduction in revenue, of a COVID-type experience happening again. That's understandable; that could happen at any time. But there are other ways of managing that if it were to occur. The

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question is whether you think you need to take drastic action now, because something might happen in two or three years time; that doesn't seem a sensible approach. Most institutions the size of the university carry some debt. It's quite a normal business practice, and it makes complete sense for UTS.

The CHAIR: You also make the point that it's not the business of universities to be worrying about making a profit. The converse of what you've just said is, yes, you can carry debt, but also, relatedly, it's a public institution; it's not there for turning over profit, which I think is the point that you make in your submission and your proposal. Could I ask what the response has been to the proposal, maybe across the professoriate—so your colleagues across the university, the UTS Council and the vice-chancellor?

DAVID BROWN: The original work that we did, as has been explicated, was trying to understand the root of the current problem set and then think a bit more about whether there's another way in which we can achieve some of the outcomes that we would actually agree with, in terms of some of the challenges the university, specifically in the sector, faces. When the document got into public circulation, the response has been quite surprising to us—overwhelming, actually—with the fact that there is some kind of alternative to the current proposal. The second thing is more transparency about the nature of the financial situation in the university. One of the things that we've had some challenges with as we work through the OSI documentation, both forms of it and some of the other communication around this, is that there are lots of statements and assertions around the financial situation in the university, or the consequences of particular choices and decisions, but no modelling or no detail or no data as it relates to that.

As evidence-based researchers, we're always interested in what does the evidence and the data actually tell us about the nature of this problem and where does the cause sit? But there's been very little addressing of the causes of some of the challenges. So what our colleagues have said back to us is that it's created a level of transparency in data and an alternative source of information about why we're in the position that we're in as an institution, and then the fact that there are other ways in which we can go about this. In particular, one of the really salient points that we make in the back of the report is that we're not averse to an analysis of the viability of courses and so on, but this needs to be a root-and-branch analysis, led by faculties and disciplines working through the nature of how we might adapt and change the nature of what we teach moving forward, which is a normal part of an education process in a higher education institution that leads research and teaching nationally and internationally.

The CHAIR: You have great support from the professoriate. What about from council or the vice-chancellor?

ROBERT CZERNKOWSKI: Maybe I'll field that because I'm in the invidious position of being both on council and as part of the group of six. The professoriate recommended that council meet with the group of six to discuss the alternative plan. The ultimate response was that council did not but delegates of the council—chiefly chairs of committees—meet with the group of six. The thing that particularly concerned me about that was I was fortunate enough to attend a recent finance committee meeting where various arguments were put. To my mind—and this is my opinion—not particularly coherently, but various arguments were put against the alternative plan. Yet some of the people who put those in finance committee were not invited to that meeting with the group. So I have a concern that the level of engagement is probably less optimal than it might otherwise be. That's been the response. I have to say, of course, all credit to the chancellor and council. I'm not disclosing contents of what happened in council, but the chancellor very objectively presented our plan to council, but council did not engage with the group of six as a whole.

The CHAIR: We did hear earlier from the vice-chancellor, and I might just quickly throw to Professor Wright. He went into quite a lot of detail about particular expenses and expense categories. I wonder if, given your overviews, you might be the person to talk a little bit about the growth in the different areas of expenditure. I don't know if you heard the vice-chancellor before, but I wondered if you could explain to us a bit about what's been going on.

SUE WRIGHT: Thank you, Chair. I may defer to Associate Professor Docherty, who has, probably, a finer eye on the detail. But our analysis showed that, over the period 2020 to 2024, the revenue of the university increased by about 4 per cent in round numbers per annum over that four- or five-year period, and expenses increased by 5¾ per cent. So expenses are already running ahead of revenue which, in any business sense, we would agree is not sustainable.

When we broke down the source of the increase in growth in very round numbers, academic salaries were growing at 3 per cent per annum over that period—so below the growth in student revenue. You can imagine, as a previous academic, what that means to class sizes. Non-academic salaries—the support staff, to a small extent within faculties but, more largely, within the centre of the university and what's called the division—grew at nearly 6 per cent. That is double the rate of the growth in academic salaries. That is, of course, a combination of positions

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and rates of pay. There's not full data through to the end of that period, but we suspect it's got more to do with the number of highly paid positions in non-academic roles.

Even more outstandingly, the growth in the category of other expenses is over 8 per cent. So there is revenue growth of about 4 per cent and double the rate of growth in other expenses. That is partly discounts to attract international students to the university—not a great accounting practice, but we won't get into accounting detail for you. Really, the revenue growth, in essence, is not as high as even 4 per cent. But the other category of that is expenditure on IT. I did hear the vice-chancellor say that it was necessary, but we have credible evidence as well as numbers that would show that expenditure in that area has really been excessive. In an institution that is looking at getting rid of 10 per cent of its academic workforce, to continue spending on IT infrastructure seems to be misaligned, in my opinion.

The Hon. RACHEL MERTON: Thank you very much for joining us. We really appreciate your expertise. I might touch on issues relating to the alternative plan, and my colleague Madam Chair touched on this a little bit too. Are we able to explore a little bit more about how the model differs from the current governance system?

STEPHEN TAYLOR: I'm not sure that you would say the financial model differs from the current governance system. I suppose what's different is that we've done this work. We've put it out there in the public domain as a basis for suggesting that UTS management and council might want to more carefully consider the initial OSI proposals in their scale and scope. But I guess the contrast is that, for most people at the university, they really don't have a clear understanding as to what the rationale is for such dramatic, simultaneous change across the academic and operating aspects of the university. The keyword I'd use about what we're doing is transparency. It's very clear. We've provided detailed financial analysis that hopefully is understandable to people who are not necessarily financial analysts or accountants. That's probably different from the way the initial proposal was presented around OSI, where we have a crisis as basically the narrative, but I'm not sure how effectively it has really been demonstrated.

The Hon. RACHEL MERTON: I appreciate that you spoke earlier about the increase in transparency in terms of the work. I'm wondering whether we may be able to get some examples about what that is going to look like. Is it about greater availability and disclosure of reports? How are we going to get to that?

STEPHEN TAYLOR: Robert, from a council point of view, might like to contrast some of those points.

ROBERT CZERNKOWSKI: This is not necessarily a council issue. Council does get high-level summaries of what is going on, but I need to articulate quite strongly that we do not get into the detail. In fact, one of the things that has somewhat disconcerted me is that when I ask operational questions—because operational questions, for me, are the measure of whether the strategy is working—they are not viewed favourably within council. I have twice gotten the message, "We are here for strategy. That's operational. Don't go there." Going to your earlier point about governance, Professor Taylor said that our model doesn't directly address that. But when you look at the cost pattern and the way that cost growth has happened at the centre, one of the things that happened in probably the last decade is we moved from a profit model to a cost model.

God forbid you interpret the profit model as meaning that everything has to be profitable, because that's not what I'm trying to say. I'm trying to say that when an entity within the university sees both a price signal and its costs, it can adapt as it goes. Universities' natural approach is to adapt to circumstances. The price signal has been taken away from us. We get our budgeted allocation to cover our costs, but we don't see the revenue numbers directly. That responsiveness that you essentially expect in autonomous systems is absent. I would say that the centralisation—and this is mere speculation on my part—may well have allowed that central cost growth to occur at the cost of the university's financial position.

STEPHEN TAYLOR: If I could just add, the transparency around claimed cost savings is always a problem in large institutions like a university. In the One TAFE example, from 2016 to 2020, there were a number of claimed savings that the New South Wales Audit Office identified that weren't realised. The basis for how the estimated saving was arrived at is often not very clear. You might say, "Let's combine two faculties into one, and that will save \$3 million." Where does that \$3 million really come from? Is it because you've only got one dean rather than two? What if that means you need two heads of schools as well as a dean? Now you've got three leadership positions instead of two. There are very important assumptions that consultant-type plans for restructuring typically involve, but they're not obvious to the consumer of that plan.

The Hon. ANTHONY D'ADAM: What is your status is on the council? Are you an elected member?

ROBERT CZERNKOWSKI: I'm an elected member.

The Hon. ANTHONY D'ADAM: In which category are you elected?

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ROBERT CZERNKOWSKI: Academic staff.

The Hon. SARAH MITCHELL: I have two questions, and I'll just ask them—I'm not sure who's best to answer them. I'm happy for any or all of you to jump in. You might have heard earlier that I was interested in the part of your alternative plan where you were talking about opportunities for additional revenue sources and the idea of having profitable consulting services using the university's expertise. I wondered if someone could talk to me a bit more about where that idea came from and why you think it's necessary. Would they be set up to do both internal and external work? I found that quite an interesting proposal.

DAVID BROWN: It seems I've been allocated to answer that question. I think there are some very useful ways of thinking about this that we already see in the public domain. When government, for example, needs expert work done on particular areas, they can go to consulting firms and get consulting reports or work done there. Experts at universities can also deliver that sort of work. Indeed, if you look at the work done by the UTS Ageing Research Collaborative, or UARC, which I'm involved in, we've done quite a lot of work in the broader ageing sector. We've also got lots of other examples across the university. We've got internal experts who are able to mobilise what the research evidence says are solutions to problems or challenges, or, in fact, conduct original research to solve problems that are currently unsolved that we genuinely need the knowledge for.

There's been quite a lot of thinking done, particularly in the business school—Associate Professor Peter Docherty was involved in some of this work—around how we would mobilise that expertise to contribute more broadly to society around some of these larger questions. In particular, where you've got very large what are often described as wicked problem issues, where you need very deep-level thinking and expertise, pulling together absolute world-class experts who can explain what the evidence and research literature says to this particular problem or point is an enormous opportunity for the university, and for the university sector largely, rather than perhaps going with the individual expertise, experiences or time-limited, experience-limited views that are often provided by some consulting organisations.

PETER DOCHERTY: Could I add something?

The Hon. SARAH MITCHELL: Of course.

PETER DOCHERTY: I have two comments, Ms Mitchell. I'm not sure I would say it's necessary. I certainly think it's necessary in the sense that if our standard revenue streams from students is under stress, which is a point that Andrew Parfitt made very clearly earlier, then it raises the issue of what other ways universities can raise money. It seems to me that using our knowledge to address the sorts of questions you might encounter in business or in the engineering world is really smart. Why go to KPMG when you can come to the UTS Business School, is how I would say it.

The second point I'd like to make is that we experimented on a small scale with this six or seven years ago—pre-COVID—where we hired an industry professor to essentially spear up consulting-type practice. That was on a very small scale, with just a couple of interns who were part of that process. The idea came: Is it not possible for us to scale that up so we might offer some competition to the standard consulting firms, not just in business but in other areas across the university?

The Hon. SARAH MITCHELL: I think you've answered my question, but if something like this was to be set up, it could both eliminate the need for the university to be so reliant on external consultants if they can use in-house expertise, and it could also be an opportunity for further income if that unit then did external work as well. So it's sort of both. Is that right?

PETER DOCHERTY: My thinking about the primary objective is the latter. It's to pursue a new source of income. I'm not sure why an army of experts who are capable of doing that shouldn't harness that knowledge to generate additional revenue sources.

STEPHEN TAYLOR: Ms Mitchell, if I could add to that, I think there are two parts to what you asked. On the first part, by all means it would be great if universities generally used the resources that are available to them within the institution more. That's what I'd call part of a more collegial system to how a university is run. Without wanting to sound like some ageing professor wistfully looking back to the good old days, I think that there has been a general decline in collegiality in universities generally in Australia, and I think sometimes some of the problems are a result of that. The second part you mentioned, I think we need to be a little bit cautious about. I'd hate to see a situation where universities were told to effectively operate like quasi consulting firms, because consulting firms have certain advantages over universities in the way they operate what they do.

Also, if the university becomes a quasi-consulting firm, then I think the research aspect, particularly, of the university starts to come under threat quite significantly. Many academics are engaged in industry work. Professor Brown mentioned that an important part of UTS is the ageing-related research. We have a grant from

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the Accounting Standards Board to help them understand how well prepared companies are for the impending climate reporting requirements. There's activity like that all over the university as it is, but I don't think we could really become UTS Ltd as a competitor to KPMG or McKinsey.

The Hon. SARAH MITCHELL: As I said, I think it's an interesting concept so it's good to understand more about the thinking behind it. The other thing I want to raise is a similar vein in terms of university alternative income. In the submission to us you talked about looking at things like endowment finance or philanthropic support, and you mentioned that a lot of universities—I think you use the United States as an example—do more in that path than we do in Australia. Can you speak to that a little bit more in terms of why that's been suggested? Again, I'm happy if someone else is best placed. It's a large panel of expertise.

DAVID BROWN: I'd be happy to speak to that. I spent a number of years as Associate Dean (External Engagement) so I was quite involved in that. Also I've been quite involved in that part in the central university because of the research centre that I run. There is a lot of opportunity in that particular space. There are a couple of challenges. One is that you need very effective teams to be able to do that kind of work within the university and within faculties. They need to understand the research and activity of the academics involved in that. You also need really strong alumni connections and to be able to work with the alumni.

There is also a fundamental culture difference between, say, the US and how philanthropic activities are done in the US as opposed to Australia, so I think there are some challenges more generally with that model, even though there is opportunity. The critical thing with that model is that it's what they describe as a long-burn model. It takes a long time for that work to happen. It typically starts with small gifts, and eventually you get very large gifts to support really meaningful programs of research. So there are a couple of key things that actually need to be in play for that to work effectively so universities have to have fairly long-term planning activities and competence to be able to make that system work well.

The Hon. SARAH MITCHELL: So is it your suggestion that—whether it's initial work or, as you say, it needs a lot of thinking put into it as to how it will operate and that it would be a long-term thing—that's the sort of thing that the university should be looking more at now for the long-term future? Done in a careful, considered way, and taking on board what you're saying about the cultural differences between us and the States, would that be something you'd recommend that the universities look at?

DAVID BROWN: I can only speak to the UTS experience. I know the university itself has been conscious of this particular opportunity for quite a long time, having been involved in this. The vice-chancellor has spent a lot of time and energy meeting with alumni in order to be able to develop this sort of work. I reiterate, it's a pretty long-term problem. The other thing, which is a really significant issue, is that there needs to be a really large and significant problem that needs to be solved that someone who has got sufficient resources wants to contribute towards solving. If you don't create an environment with a sufficiently large academic staff who can work together and work on these very large problems, you will not have the problem to work with in the first instance. I guess that goes to one of the central planks of the work that we speak to in our document, which is that it is our view that cutting academic staff—making academic staff redundant—who are actually the engine room or the ideas production function in the university, makes that sort of activity highly problematic.

The Hon. ANTHONY D'ADAM: I think John Kotter talks about creating a sense of urgency in an organisation. It's often a technique that's used by management to confect a crisis and to create a sense of urgency with an agenda to actually drive cultural change or a reorientation of the organisation, rather than actually solve the crisis. I wonder whether the UTS situation fits into that kind of scenario and whether you wanted to offer some comments on that observation.

DAVID BROWN: I'll say it very briefly. If you read the very widely used and well known *Change* book by Kotter, if you look at chapter 3 out of Kotter, if you read the discussion in chapter 3 and you do an analysis of what some of the narrative is in the OSI document, I think the ideas overlap. Probably very strong would be my frank view.

The CHAIR: Could you please provide chapter 3 to the Committee on notice?

The Hon. ANTHONY D'ADAM: That would be much appreciated.

DAVID BROWN: I'd be happy to provide you with the book.

The Hon. ANTHONY D'ADAM: I won't ask—this is a bit of a cheeky question—whether you guys are available for the workers compensation system.

The CHAIR: Before we close out, I just wanted to ask one very quick question. You've referred, I think in your submission but certainly today, to One TAFE a number of times. Of course, we all know that the Auditor-General had quite a scathing report on that program. It's my understanding that the architect of that

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program is now the chief operating officer responsible for the implementation of the UTS proposal. Am I correct in that? I can see heads nodding but, for Hansard, can someone confirm?

STEPHEN TAYLOR: I don't know that he was the chief architect. He was the chief operating officer over a four-year period.

The CHAIR: Thank you for that clarification. That's a good clarification to make. With that, our time has ended. We very much appreciate your willingness to appear today. We very much appreciate your efforts in putting that alternative proposal together and submitting it to us today. I think we did ask you to take some things on notice, and we may also send some supplementary questions through. The secretariat will be in touch about the timing of that.

(The witnesses withdrew.)

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Dr LISA O'BRIEN, AM, UTS Council Member (Appointed by Council), University of Technology Sydney, sworn and examined

Ms ANNE O'DRISCOLL, FAICD, FCA, UTS Council Member (Appointed by Council), University of Technology Sydney, sworn and examined

The CHAIR: Thank you very much for agreeing to appear on the first day of our university governance inquiry. We appreciate you making yourselves available and understand the pressures on your time. Do either or both of you have short opening statements?

LISA O'BRIEN: I am a councillor and I have been on council for nearly six years now. I served on the risk committee, and I am chair of the student council liaison group and also a pro-chancellor, which principally requires me to support the chancellor by presiding at graduations. I thought, given some of the commentary I've heard earlier, that it might be helpful to start by talking a little bit about my experience and how that enables me to perform my role as a council member. My early career was as a medical practitioner in a hospital-based clinical practice, and then I undertook speciality training, which was as a medical administrator working in public services planning as well as hospital operations and public health. All of that was for NSW Health. As part of my specialist training, I had to undertake further study in management and I did a Master of Business Administration.

Mid-career, I became involved in a couple of entrepreneurial ventures, particularly in commercialising some research, some of which actually came out of UTS. At the time, I was also a co-founder of Lou's Place, a drop-in centre for homeless women in Kings Cross. My next roles were leadership roles in health care and community services, including 10 years as the CEO of the Smith Family. The Smith Family, as I'm sure you all know, is a charity supporting disadvantaged children with their education. As a result of that work, I became involved in education policy.

More recently, I have taken a range of governance roles, including as an NED as well as a chair, and these have reflected my experience in executive life. I'm currently the chair of the Australian Education Research Organisation, which is a government agency in the education space particularly focused on children aged zero to 18 years. Other roles that I have had include nine years as a non-executive director of Bupa Australia and New Zealand, and in 2023 I was the chair of the better and fairer schools review, an appointment made by education Ministers. The panel recommended reforms to be embedded in the 2025 National School Reform Agreement.

I feel that my experience in leadership, governance, social justice, service delivery, health and education, and my commercial expertise, assist me in my role as a council member. But I think it's also important to mention that I am a volunteer in this role. Independent council members are not remunerated, and we freely give our time to support the university in achieving its objectives. I am passionate about the success of UTS and willingly give my time, which I conservatively estimate to be at least half a day a week.

ANNE O'DRISCOLL: As you might guess from my accent, I'm originally Irish. I came to Australia as a qualified chartered accountant in 1988 with the intention of being here with one of the large firms for two years. I got very engaged in life here and have remained a long-term citizen. I am very committed to this country. I am, as I said, a qualified chartered accountant and I have worked in public practice and then in industry, primarily in the insurance industry, with NRMA as it was and IAG as it now is. I led the finance stream for the IPO of NRMA, which became IAG, and so I am very deeply involved in the mutual. I was initially working for both the road service mutual and the insurance company in that process. I left there in 2008.

To the point about having some empathy for the people who may lose their roles in the process of OSI, I left IAG because my role was made redundant. I have implemented change proposals as well as being moved out of my role as part of the process. I understand what people are going through. Bear in mind that 2008 was actually in the midst of the GFC. Losing a finance role in the financial services industry in the middle of the GFC was a challenging period. I understand that it's a challenging period for universities. I have a lot of empathy for the people whose jobs are at threat at the moment.

After that, I became the CFO of an insurance company, and since late 2012 I have worked as a professional non-executive director in a range of companies. Some listed companies—I served on the board of Steadfast and the board of Infomedia for about 10 years. I'm also currently the chair of FINEOS Corporation, which is an Irish company listed in Australia. I chair that company. Then I've been on the board of other companies as well. I'm currently on the board of a company called MDA National Insurance, which is a medical defence insurer. It is a mutually owned insurer, so it has that balance of needing to make a profit to sustain the insurance company and its licence with being mutually owned and not trying to maximise profit, so I'm very aware of that balance in what I do. I also give of my time freely, as Lisa said. My not-for-profit involvement in my own time

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of volunteering is primarily now with the St Vincent de Paul Society NSW. In fact, this morning I was supposed to be spending four hours with our clients—who are in desperate need—but somebody else had to sit in for me for that today. But I give a lot of my time to that.

In terms of the council, I have stopped looking for future NED roles and decided that I want to give more time back. When I was approached about becoming one of the appointed members of council, that is the environment in which I did it. So it's not, as some of the submissions have said, to try and pad out my not-for-profit CV; it's about giving back. I've had a good career and I'm about giving back. That's why I'm on council. In each company I've been on, I have chaired either the company or chaired the audit and risk committee or, separately, if they're separate audit and risk committees. For instance, I was on the board of CommInsure, CBA's insurance company—there's a life company and a general company—for a period of close to 10 years as well. Under our skills matrix at UTS, I bring deep finance experience, deep experience in risk and deep experience in governance because of the roles I had at IAG. I have those in depth and have also spent a lot of time on strategy when I was at IAG. When you look at our skills matrix, that's where my strongest strengths are, but it doesn't mean that I'm not aware of all the other issues.

The CHAIR: Thank you, Ms O'Driscoll, I appreciate that. Obviously a key focus of our considerations today has been the Operational Sustainability Initiative. What is your understanding of it? What is the Operational Sustainability Initiative?

ANNE O'DRISCOLL: Which?

The CHAIR: Either or both of you. I don't mind.

LISA O'BRIEN: It's the accumulation of a number of years of operation where we haven't been able to generate the revenue necessary to meet our forward plan. At the end of last year, in November, council was asked to consider what the future might look like if we were unable to continue to match revenue. You had chapter and verse on this from the vice-chancellor earlier today. I listened to the broadcast. He ran through the sorts of pressures that were having an adverse effect on our financial performance.

The CHAIR: Which of those was most important in your consideration of supporting the OSI?

LISA O'BRIEN: It was a combination of the caps on foreign students, because the revenue growth that we had anticipated would bring us to a break-even point and then provide us sufficient funds to repay the loan it was in—as I think the vice-chancellor said—getting to 30 per cent of students, so the capping was one of the factors. Significant upward pressure on costs, inflation and wage pressure—all of these things had slowly accumulated over the preceding couple of years beyond what had been anticipated in the post-COVID period.

The CHAIR: Thank you for that answer, and I understand the briefing in November last year is different to the circumstances now. But given that those caps haven't eventuated and UTS now has a record number of international students, as I understand it, and given that we just heard from the expert panel that actually wage costs were not the concern that the vice-chancellor I think was trying to suggest that they were—in fact, I think they were 3 per cent whereas the increase in expenses was somewhere around 5 per cent. Now that you know that, does that change your support for those underpinning presumptions that you've just said were the most important for you in supporting it?

LISA O'BRIEN: No, I'm still supportive of the OSI. But we have a consultation process running, and the witnesses who are here before you have put together an alternative proposal that will go into the consultation process. Ultimately no-one wants to be making anybody redundant, but both Anne and I have been in that situation in the past, in leadership roles, and sometimes it's unavoidable. If that's what we need to do, and that's the decision after the full consultation, then I would support that as a council member.

The CHAIR: Ms O'Driscoll, given we've heard today that the factors that were presented as fundamentals back in November—student caps, this idea that there was a wage increase—aren't the case anymore, do you still hold your support for that original plan?

ANNE O'DRISCOLL: I do. When I joined council last year, I was given briefings on the detailed financials that were supporting the plan, with the goal of getting back towards 30 per cent of international students in our cohort and I was given to understand what was driving the detailed growth in costs. I don't find what's in the alternative proposal, in terms of the analysis of cost, news to me, because I've understood it. One of the biggest things—I have joined the Audit and Risk Committee of UTS late last year, and it is obvious in that committee that there is a lot of work to be done on systems. Those systems have partially been implemented in curriculum in those areas, but the enterprise resource planning system that is currently being implemented, and is a source of some of the increased costs in consultancy, is an absolutely necessary process for the organisation to have better data and better information.

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There's been comment today on workforce numbers and the challenges of getting those. It's a challenge for the university because of the disjointed way some of these things exist. But there's was also a reference to systems and IT, and the sense that there was an undue amount of money being spent in that area. As a member of the risk committee, the information that comes before us about our IT exposures, our IT cyber—all of those things that are affecting the universities, and affecting business across the world—is we need to invest. There's been a systematic program of investment over the last couple of years, and it continues. It will continue. The nature of change in the IT space and technology space is such that it will continue to be a large investment that has to be made.

To the point about things about depreciation and systems, a lot of what you spend today on systems is not capable of being capitalised. You have the experts here with you; you can ask them again. There have been some changes to financial standard interpretations about how you capitalise money spent on systems. Because a lot of work is now on international platforms, global platforms that you work towards, you can only capitalise very small portions of a lot of that money, and it goes through the expense line. I'm less concerned about the growth in expenses than other people have suggested. I also note that, within the OSI proposal, the proposal includes a lot of saving, as it's been vastly discussed, around the cost of people. But there are also significant savings being made in those other areas, and net sustainable savings. We need to spend money on systems to implement some of those, but others are being made, and have been made, and progress is being made on those.

The CHAIR: Given that it's well ventilated—I think there was a report in *The Australian* about the issues with the IT deployment over time at UTS—and given what I understand continues to be difficulties with the website, how confident are you that the investment you're talking about is going to be effective if it's deployed at all? We've read about what's happened with IT.

ANNE O'DRISCOLL: I haven't read the article you're talking about. The ERP, I think there are people appearing later today who are closer to that project than I am, because I'm not on the relevant committee of the council. But the cyber side of it, I have seen and get regular visits at the risk committee from our IT leads. They are making significant progress in that area. They are addressing what's called in the IT industry "technological debt". They have come in inheriting very challenging systems, and we need to upgrade our systems. That's part of preventing and modifying the cyber exposure.

The CHAIR: I might just stop you there. It's not my intent to cut you off. I'm just conscious of time, and I know my colleague wants to ask some questions.

The Hon. ANTHONY D'ADAM: Who do you represent on the council?

ANNE O'DRISCOLL: I don't represent anyone. I'm appointed in my own right as a member of council to work in the interests of the university in delivering its purpose.

LISA O'BRIEN: We're independent.

ANNE O'DRISCOLL: We're independent.

LISA O'BRIEN: Independent directors who represent the interests of the public.

ANNE O'DRISCOLL: And the university.

The Hon. ANTHONY D'ADAM: So there's just no representation system as such?

LISA O'BRIEN: No.

ANNE O'DRISCOLL: No.

The Hon. ANTHONY D'ADAM: So who are you accountable to?

ANNE O'DRISCOLL: The university and the council.

The Hon. ANTHONY D'ADAM: But aren't you the council?

LISA O'BRIEN: And the chancellor.

The Hon. ANTHONY D'ADAM: Isn't the chancellor part of the council as well?

ANNE O'DRISCOLL: Yes, but if the chancellor was to approach me and say that she didn't think I was contributing to the organisation to the level she wanted, I would immediately resign. There's nothing to do with being locked in and representing.

The Hon. ANTHONY D'ADAM: But you're making collective decisions as a council?

ANNE O'DRISCOLL: Yes.

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The Hon. ANTHONY D'ADAM: With the chancellor?

ANNE O'DRISCOLL: Yes, and the vice-chancellor.

The Hon. ANTHONY D'ADAM: So ultimately the chancellor's also part of the decision-making process, so you're accountable effectively to no-one but yourselves?

ANNE O'DRISCOLL: Or to the public, as Lisa put it.

LISA O'BRIEN: It's a public institution, and we are on the council of a public institution. In my view, I am responsible to the people of New South Wales.

The Hon. ANTHONY D'ADAM: You made a comment earlier which I thought was interesting. You said, "We're volunteers."

LISA O'BRIEN: We are.

The Hon. ANTHONY D'ADAM: So there's no remuneration?

LISA O'BRIEN: None.

ANNE O'DRISCOLL: No.

The Hon. ANTHONY D'ADAM: So you've got no skin in the game, do you? You can make decisions with a ruthless detachment, and there's actually no consequence?

LISA O'BRIEN: There's an integrity question there, sir, isn't there?

The Hon. ANTHONY D'ADAM: Is there a consequence if you make a bad decision?

LISA O'BRIEN: My own good conscience, yes, and that's a significant consequence for me.

ANNE O'DRISCOLL: Likewise.

The Hon. ANTHONY D'ADAM: So the only consequence is personal disappointment?

ANNE O'DRISCOLL: Well, potentially reputation as well.

The Hon. ANTHONY D'ADAM: There's no actual consequence if you make a major catastrophic decision that damages the institution. There's no actual penalty for you.

LISA O'BRIEN: I'd just like to really understand what you're asking here. It's a little bit confusing to me. What are you asking us?

The Hon. ANTHONY D'ADAM: This is an inquiry about governance, and we're looking at the governance model. One of the key elements of good governance, I would argue, is that there are clear lines of accountability and that people who make bad decisions are held accountable for those decisions. But it seems to me we have a council that can make a whole lot of decisions with multimillion-dollar consequences and massive implications for individuals in terms of their lives and livelihoods, and you have no skin in the game. There is actually no consequence if you make a terrible decision.

ANNE O'DRISCOLL: Actually, I dispute that. At the end of the day, if we make such bad decisions that it would be considered that we have not met the standards required of us under the Act, we would be sued for that and could lose everything that we have.

The Hon. ANTHONY D'ADAM: Individually sued? You're individually accountable?

LISA O'BRIEN: There's also a reputational damage.

ANNE O'DRISCOLL: I did say reputation when you were talking about integrity.

The Hon. ANTHONY D'ADAM: There's no professional indemnity insurance covering your activities as a council?

ANNE O'DRISCOLL: There is, but it can't cover everything.

The Hon. ANTHONY D'ADAM: There's no corporate protection for your activities as a council?

ANNE O'DRISCOLL: There is some, but it can't cover everything. If you actually breached the law, there are limits in insurance—which I do know something about—which mean there are certain things you can't be covered for. So there is an accountability, and I assure you that if I was being sued for basically being accused of negligence in my role on council, that I would be as hurt by the financial impacts of that—as hurt as I would

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be, I would be more hurt about the impact on my reputation. I've worked hard and long to have the reputation I have in the field, and I would be devastated to lose that.

The Hon. ANTHONY D'ADAM: I wanted to explore how you came to be on the council. Dr O'Brien?

LISA O'BRIEN: I met the former vice-chancellor at a business event, and we started talking. I was at The Smith Family at the time. He had vacancies on council. He didn't discuss it with me at the time. He got Catherine Livingstone to approach me and talk about whether I would be interested in joining the council. As I outlined, I have a range of experience that I think is helpful in my role on council. However, he was particularly interested in my social justice background, which has been a pillar of strategy at UTS. Certainly, it's an issue that I often flag and ask questions about and champion in council meetings.

The Hon. ANTHONY D'ADAM: Ms O'Driscoll?

ANNE O'DRISCOLL: Because there is a nominations committee of the council, I understand there was a headhunter who provided some advice, and I was one of the names that came up. I got approached by Catherine Livingstone and Andrew Parfitt. I met both of them and then met some other people. I underwent fit and proper tests. I note that in the expert council, they talk about having mandated fit and proper tests. There was thorough fit and proper testing done on my background, and then I received notice that I would be nominated to the nomination committee and then to the council.

The Hon. ANTHONY D'ADAM: Both of you have been effectively selected by either the chancellor or the vice-chancellor, and then there has been a process to formalise.

ANNE O'DRISCOLL: It gets proposed to the whole council to vote, but the initiation has been by the chancellor and vice-chancellor. But the whole council gets to vote on it before we get appointed.

LISA O'BRIEN: The whole council can also nominate. I have nominated councillors.

The Hon. ANTHONY D'ADAM: It doesn't strike me that there's an open, competitive process for the selection of councillors who are appointed. It's really something where the vice-chancellor or the chancellor individually look for people who they think might be a good fit for the council, and then they manage a process to facilitate that appointment. Is that a fair description of the selection process?

ANNE O'DRISCOLL: Not completely because, as I said, in mine, I understood there was a firm of headhunters that were scanning the market for suitable, potential members of council. I agree with you that there's not a competitive process that's apparent to me, but in terms of using the services of a headhunter to look for potential council members, that is very similar to what happens in a lot of corporate director roles as well. You don't actually advertise and say, "Would anyone like to do it?"

The Hon. ANTHONY D'ADAM: There's a class of people who are selected for directorships. Is it fair to say that both of you sit in a category of people who operate as professional board members? Is that a fair way to describe yourself?

ANNE O'DRISCOLL: I have done so for the last 12 years, yes.

LISA O'BRIEN: Less so in my case.

The Hon. ANTHONY D'ADAM: You don't consider yourself a professional board member?

LISA O'BRIEN: Not in this role, because I took this role when I was still an executive.

The Hon. ANTHONY D'ADAM: But obviously if you're on one board, that gives you board experience. It gives you an advantage in terms of potentially being appointed to other boards. Effectively, there's a network of people who sit on boards, isn't there?

LISA O'BRIEN: You make it sound like a secret society.

The Hon. ANTHONY D'ADAM: It is. It's a class.

ANNE O'DRISCOLL: To my point, there was a reference in one of the submissions—and I referenced it in my opening comments—about doing this as a means to pad out my CV. I'm not doing this as a means to pad out my CV. As I explained, I have chosen to be at the end of my professional, non-executive director career. I am doing this to give back. Maybe I was approached because I've got really good corporate board experience, but I'm actually not doing it—

The Hon. ANTHONY D'ADAM: Please don't get me wrong. I'm not casting aspersions on you as individuals. I'm trying to probe the process and whether, as public officials, we should be satisfied that this is an adequate, transparent and open process that's suitable for a public institution serving a public purpose. That's all.

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I'm sure both of you are excellent people, and I don't want to make any suggestion that you're not there for anything other than good reasons. But I am probing the question around whether this is an appropriate way for us to select the governance of such a significant institution.

LISA O'BRIEN: It wasn't our experience.

The CHAIR: Thank you for that, and thank you for that clarification, Mr D'Adam.

The Hon. SARAH MITCHELL: Thank you both for being here. I want to ask a few things. I want to pick up on that line of questioning from Mr D'Adam. I know that you can't necessarily speak for other universities, but my understanding is that the process of appointing council members in the roles that you are in is fairly standard across other universities. There's nothing odd or inconsistent about the way that you were appointed?

ANNE O'DRISCOLL: I've got a number of friends who've served or are serving on other university councils, and it sounds like they went through exactly the same process. I can't speak for every university, but that's my understanding.

The Hon. SARAH MITCHELL: Yes, mine also. Did you want to say something, Dr O'Brien?

LISA O'BRIEN: I was appointed in COVID, so I don't think my experience is necessarily stellar.

The Hon. SARAH MITCHELL: Nothing was normal in COVID, as we all know. But, yes, it is a fairly standard process. The other area I wanted to touch on was about the governance perspective of the council more broadly. Obviously, we've been asking questions today with UTS, given what is going on in terms of the change proposals that are underway. Broadly speaking, we've had evidence earlier today from the union and others about wanting to maybe have a bit of a different make-up of council—potentially changing the proportion of those who are appointed versus elected, staff versus students. I wondered if you had any views on how the current governance framework operates, how you see the input of those who are elected representing student and staff bodies, and whether you think the current set-up is working well.

ANNE O'DRISCOLL: I've only been on council for 18 months, so it's a shorter experience than many you will meet with today, including Lisa, but I find that the governance structure seems to work quite well. I would say that there's a lot to learn—it's a complex organisation—so it is tougher on the students, probably more so the post-grad and undergrad students who are on council, to be limited to a two-year appointment term. Under the UTS Act, we are there for up to four years per term and up to two terms—I think three terms maybe, but you can certainly do two terms. For the elected members, under our Act they have a maximum of two years. For students that might make sense, because they are transient in their involvement in the university.

We do have a requirement that we meet about having graduates of UTS involved, but for our staff-elected directors—So Robert, who was here with you earlier today, and I understand you're seeing some of the others later—they have a maximum of two years. That does seem short in an organisation where you're making long-term decisions and things emerge gradually, as OSI did. The process and the discussions and the things went on for quite a period of time. I understand Andrew Parfitt provided you with some timeline information. I think that's one of the things that you could consider looking at, whether those people get a thing.

In terms of the balance overall, there are a lot of frameworks within the organisation to ensure that the academic and student voices are heard, including the committee that Lisa chairs for the students. There are a lot of fora for people who are only appointed for two years who are transient in the university. Running a long-term, focused council is challenging, and would be challenging if they were the dominant members of the board. UTS also does a lot of work to try and watch people's appointments so that you've got a balance of newer people coming in but retaining experience at the same time, so that there's not too many new people or too staid a view by having the same people there forever. I think there's very good work done to balance that. My observations are that UTS is doing a good job in this space.

The Hon. SARAH MITCHELL: Following on from that—and you did talk about it briefly, Dr O'Brien—the committee you chair with the student input, could you talk to us a little bit more about what that involves?

LISA O'BRIEN: Yes. It's a student council liaison group. It operates as a committee, but we don't call it a committee. It's not referred to under the Act, I don't think, because it's a recent initiative that was set up by council. I think it was going when I arrived. It's a forum where students can raise issues and it's useful as a clearing place for those questions. Some of those questions do need to come before council, but others are better handled at the academic board or with the appropriate vice-chancellor in management, particularly. The meeting is always attended by the vice-chancellor of education and students, because a lot of the issues that they flag are in her area of responsibility.

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The other thing that this group has done, which I think was really groundbreaking—I can't take the credit for it, because I wasn't chairing it when it happened—was in 2022 we signed the first Student Partnership Agreement, which is a heads of agreement, a three-way agreement between the university, ActivateUTS and the student union. It sets out the expectations on the parties and also agrees a range of projects and activities that we will focus on over the two-year term of the agreement. We've just signed our second agreement this year, setting out a whole range of activities that we're going to focus on together. Twice a year we have an update on how we're progressing against those objectives, and they're very clearly set KPIs so we can ensure that progress is occurring.

The Hon. SARAH MITCHELL: Even though you're an independent council member, obviously with your role chairing that group, if there are things that need to be elevated to the council, you do that on behalf of the students?

LISA O'BRIEN: The two student representatives on council join me in that committee; they attend also. We've had a bit of change with the postgraduate student representative but, in the past, the postgraduate student representative was the deputy chair.

The CHAIR: I want to ask a couple more questions about the OSI. You're both very experienced board members in different capacities and I guess you're well versed then in checking the veracity of information that you're given to consider. How did you check the veracity of the information you were provided and the claims of financial crisis that the vice-chancellor was talking about today? How did you convince yourselves that the one way they've presented to approach it is the right way? What did you do? What questions did you ask? What documents did you get, request?

LISA O'BRIEN: Each year we produce a financial plan that is brought to council by the Finance Committee. It is a projection for both the current operating year and for future years. It's a three-year plan these days, because five years is no longer really feasible with the degree of change we experience. That sets out the assumptions, the forecasts, the future revenue and costs. The plan that came in November was then brought again. The final version for approval was brought again in March/April to the strategy retreat. The council has a day and a half retreat offsite every year to look at our strategic planning; particularly this year, in that meeting, we were very focused on financial issues.

The CHAIR: I appreciate that. I've been on council, so I understand that. I just wonder what questions—

LISA O'BRIEN: So we questioned, we asked—

The CHAIR: Could you remember—I know it's hard when you're put on the spot, but could you perhaps have a think, and take on notice to provide to us, what particular questions you might have asked on that day?

ANNE O'DRISCOLL: No, I wouldn't be able to remember them. I wouldn't have detailed notes of them. But I have asked questions and continued to ask questions on the financials and on what's been going on with them. As noted by the group of six who presented to you just before this, the CFO was actively involved in those. In my experience, she has been able to answer, along with the COO, any question that gets put to them. She gives me no reason to doubt the veracity of what she's saying.

I would point out that what was proposed is a proposal and is open to consultation; it's not proposed as the one and only way to do this. It's proposed as what management has decided is what they think is, subject to review and consultation, the way to do this. It is a matter of opinion, based on the detailed analysis they have undertaken. Nothing I have encountered to date gives me any reason to doubt the fundamentals of it. I think it is unlikely that the final change plan will be exactly as per the proposals that were issued in the academic change proposal and in the operating model change proposal. But I also expect that it will not be completely aligned with the alternative proposal that is before you today.

The CHAIR: You would be aware, obviously, of TEQSA standards.

ANNE O'DRISCOLL: Yes.

The CHAIR: And you would be aware of TEQSA standard 6.3.1, which is about independent inquiries by councils and ruling and governing bodies of universities. I just want to check and confirm that, aside from taking at face value what's presented by the CFO, who is essentially hired by the vice-chancellor, your assumption is that that doesn't require any further independent—

ANNE O'DRISCOLL: I think I'm bringing an independent questioning mind to the process. That's what I've done now.

The CHAIR: That's great. I just wondered what that looks like, if you understand what I'm saying. Bringing an independent inquiring mind at the moment has also looked like, "But I take what the CFO has given me at face value."

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ANNE O'DRISCOLL: Only when the CFO gives me answers that actually stand. As an experienced CFO myself, and listening to what she gives back as answers and listening to what the other people I ask questions of—it might be some of the DVCs about their areas. The answers they give me give me confidence that they are appropriate and that they are approaching this in an appropriately detailed and diligent manner.

The Hon. ANTHONY D'ADAM: But you didn't take any notes in some of these meetings. How can you be sure that, when the dust settles on this, you haven't made the wrong decision, and you can go back and say, "Yes, I got answers to this question and this question that satisfied me." There's no record keeping, so there's no actual accountability there, is there?

ANNE O'DRISCOLL: We don't focus—certainly, I don't focus in my career on gotcha moments for my colleagues. This is about having the discussions. I don't focus on which person raises a question, so that we can actually get to an answer. It's more about the questions being raised and discussed and the answers received, enabling us to reach a decision as a body as a whole.

The CHAIR: But you can't remember your own questions, either. We're not asking for other people's questions. I'm just asking for your questions.

ANNE O'DRISCOLL: No, I can't remember the specifics I would have asked at a meeting a year ago or even six months ago.

The CHAIR: I think that goes to Mr D'Adam's point.

The Hon. ANTHONY D'ADAM: You have just said that you don't believe in gotcha moments, but does that mean that you don't think people should be held accountable for their actions? Ultimately, if you've made a decision based on information that has been provided to you and that information at a later stage is disclosed to have been wrong, shouldn't the person who gave you that information be held accountable? Aren't you part of the mechanism holding them to account?

ANNE O'DRISCOLL: Yes and no. There's a whole lot of corporate law about whether you should take detailed notes and keep them and when you give them back.

The Hon. ANTHONY D'ADAM: Yes, you don't want a paper trail.

ANNE O'DRISCOLL: Once the official minutes of a meeting have been agreed, they are the official minutes of the meeting. My scrappy notes that might have recorded one question but not another one and all the rest of it are actually pointless at that point because they don't have a complete record. I do not sit there as a stenographer in meetings taking notes. If somebody did give me information that turned out to be wrong, I would seek to understand why and why they did what they said they did at the time and, if necessary, hold them accountable for either their untruthfulness and their inability or whatever it is. I would seek to understand that, but not by saying, "I asked you that question on that date."

The CHAIR: Can I just intervene there for a second? I'm not sure that it's appropriate to ask you, Ms O'Driscoll or you, Dr O'Brien, but maybe, though, we might ask the vice-chancellor to provide the minutes for all of those meetings and the—what is it? Retreat day? What's the strategic planning day? In my understanding and my memory, who asked what question is not included in anyone's minutes.

ANNE O'DRISCOLL: That's correct.

The CHAIR: I wanted to just ask before we move on whether you were offered a briefing on your appearance today.

ANNE O'DRISCOLL: A minimal briefing the other day, and to explain what we were going to have to go through. In terms of being prepared with a whole lot of questions, that question was asked and we were not provided—we may have been yesterday, but we certainly weren't provided in the time I had to prepare for this with pro forma questions that you may ask.

The CHAIR: Who briefed you?

ANNE O'DRISCOLL: The Government affairs person was there and some members of council. The vice-chancellor was there for part of it. The secretary to the council was there, and the chancellor was there for part of it.

The CHAIR: Can you please provide on notice any documents or emails regarding the briefing that you received before you appeared today?

ANNE O'DRISCOLL: They're not my emails, but, yes, I could potentially. I'll ask for them to be provided.

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The CHAIR: You're required to provide them on notice. I appreciate that. If they're to you, then I'd appreciate you providing them, both of you. I also sent a letter to all UTS Council members.

ANNE O'DRISCOLL: Yes.

The CHAIR: I wonder why you didn't respond to my letter. I would appreciate if you could let me know now, or on notice, if you received verbal instruction or email instruction to send through any correspondence you received from external stakeholders regarding the OSI or other operational issues to the VC's office for him to answer. If you could provide that on notice—

LISA O'BRIEN: I'm happy to answer that now. I wasn't asked to do that. I did it because I thought it was a matter for the university.

The CHAIR: You didn't think it was appropriate to respond?

LISA O'BRIEN: They said they were going to respond on behalf of all.

The CHAIR: Ms O'Driscoll?

ANNE O'DRISCOLL: I'm the same. I've been forwarding. I've been deluged with—deluged is probably an extreme term. I have received a lot of emails from people I've never heard of before, who have my email somehow and are sending me emails about various things in the academic change proposal. I forward all of those back to the secretary of the council, who has assured us that they will be addressed essentially.

LISA O'BRIEN: And that they will become part of the consultation—

ANNE O'DRISCOLL: Yes.

LISA O'BRIEN: —which is the appropriate place for them to be, not in my inbox.

The CHAIR: And I don't at all think that I have any great status, but it didn't occur to you to respond to someone who's not about the change proposal in its essence or content but actually was the Chair of a Committee into university governance? You didn't think that was one that you might—

ANNE O'DRISCOLL: I didn't, no.

The CHAIR: Okay, interesting. We're out of time. Thank you so much for appearing today. We will get in touch with you regarding the questions on notice that we have put to you, but there may also be supplementary questions that come your way.

(The witnesses withdrew.)

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Mr RICHARD FLEMING, UTS Council Member (Appointed by Council), and Chair, Infrastructure Committee, University of Technology Sydney, affirmed and examined

Dr JACK STEELE, UTS Council Member (Appointed by Council), and Chair, Audit and Risk Committee, University of Technology Sydney, sworn and examined

Dr JOHN LAKER, AO, Deputy Chancellor, and UTS Council Member (Appointed by Council), University of Technology Sydney, sworn and examined

Professor LYNN SINCLAIR, Chair of Academic Board, UTS Council Member, and Associate Dean (Teaching and Learning) Faculty of Health, University of Technology Sydney, affirmed and examined

Mr RICHARD HOWES, UTS Council Member (Appointed by Council), University of Technology Sydney, affirmed and examined

The CHAIR: Thank you very much for agreeing to appear at the afternoon session of our hearing today. It's much appreciated.

JACK STEELE: I have more than 40 years experience in conducting and managing research and development and its translation, both for public good purposes and also economic development.

RICHARD HOWES: I'm also the incoming chair of the Finance Committee, having previously served as chair of the Infrastructure Committee. I'm also a pro-chancellor, which is a ceremonial role, as you may be aware.

The CHAIR: Thank you. We customarily allow for short opening statements. This is a big panel of individuals, and we would like to give you all that opportunity, but please keep in mind that it is a large panel, and we would like to get to questions as well. I will offer that opportunity for those that have an opening statement.

RICHARD FLEMING: I've served on the UTS Council since April of last year. In my professional life, I'm a senior partner at Bain and Company, a global management consulting company where I serve as the Asia-Pacific AI, Insights and Solutions Practice leader. I've been at Bain for 25 years and have over 30 years of management consulting experience advising clients on strategy, digital transformation and performance improvement. As a council member, I'm conscious of our fiduciary duties under the UTS Act to act in the university's best interest to ensure its long-term financial stability, sustainability and to uphold its public purpose of scholarship, research and free inquiry.

Since June I've served as the chair of the Infrastructure Committee, which advises council on matters relating to physical infrastructure, information technology and precincts in the context of UTS's strategic plan and medium-term financial plan. I recognise the significant pressures that all universities face: the after-effects of the COVID-19 pandemic, cost inflation, revenue constraints, rising competition, shifting student expectations and changes in Government policy. Council's challenge is to steer UTS responsibly through that environment, balancing prudent financial management with continued investment in the people, the processes and the systems and facilities that sustain our mission. I appear today to assist the inquiry and to affirm my commitment to transparent, accountable governance in the public interest.

JACK STEELE: I add to my previous comments by saying that it was my privilege this morning to congratulate 175 students who were graduating at UTS. That included the university medallist and 17 PhD graduates. The reflection I'd make is that the very obvious pride on the faces of the graduates and their families was a real reminder to me, once again, of the criticality of UTS continuing to deliver the highest quality outcomes for students that we could. I leave it at that.

JOHN LAKER: I wasn't proposing a statement but I'll just briefly introduce myself. I've been on the council since 2015, chair of the finance committee since about 2018. In a prior life, which seems a long time ago, I was chair of the Australian Prudential Regulation Authority. I've had long experience in governance and risk management issues and have scar tissue to prove it. Like Jack, I presided over five ceremonies in the last two weeks—over 800 students. I had the same feeling. When you see them come across the stage with pride and enthusiasm and confidence, it just confirms what UTS is about: delivering high-quality education.

LYNN SINCLAIR: Just background for me—I'm a professor of nursing. I'm elected chair of academic board for 2025-26. That's a committee of UTS Council. Therefore, I'm an ex officio member. My background, obviously, is nursing, midwifery, mental health, maternal and newborn care, health policy and service delivery. I'm a past president of and board director of the Perinatal Society of Australia and New Zealand for a period of 10 years. I'm a principal fellow with the Higher Education Academy. Academic board is about the academic leadership piece. We have a governance role, advising council on academic matters, and a quality assurance role

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for teaching, learning, research and ensuring that we meet the Higher Education Standards Framework under TEQSA. We've got a role in monitoring compliance and accreditation, as well as academic policy, so referring policy recommendations to council.

RICHARD HOWES: I've had a 30-year career in financial services. My last full-time executive role was as chief executive officer of Challenger Limited. That's a \$4½ billion ASX-listed company, which is the largest provider of annuities in Australia, which are guaranteed retirement income streams, and a funds management platform which manages over \$100 billion. Prior to that, I've had careers in investment banking, if you like, within sales and trading departments focused on interest rate and financial risk management more broadly. I have an honours degree in commerce with majors in finance and accounting and a Bachelor of Economics. I'm incredibly passionate about higher education, as well as my involvement in UTS.

I'm an industry professor at the University of Queensland, where I teach a financial modelling course, having built that course for UQ—UQ being my alma mater, where I was lucky enough to attend. I've also donated heavily there, having funded a scholarship endowment with a close friend that I studied with back in the early '90s. I consider it a privilege to serve on this council. Like my fellow council members, I do so on a pro bono basis. I welcome the attention on university governance. I consider it really important and I'm pleased to assist your Committee in its consideration of these issues.

I have to say I have some considerable sympathy with many of the views and concerns expressed around some of the challenges which are unique to university governance in many of the submissions, including—the absence of a shareholder presents challenges in the direct application of corporate governance that we see in the for-profit private sector. I think there have been challenges that universities, UTS included, wrestle with around bureaucracy and in dealing with student and staff concerns from time to time. I'm very committed to dealing with those but nonetheless recognise that they're challenges.

It's also, I think, as has been raised this morning, challenging that the organising legislation of UTS and other universities is separate from the funding arrangements, which are one being State based, one being federally based. However, at the same time I'd like to note that one of the really fundamental issues that we're wrestling with as a council at UTS is one of sustainability and there are limits to what good governance alone can achieve in this regard. It's incumbent on us as the governing body to ensure that the university works to fulfil its purpose within the boundaries of sustainability, including the maintenance and preservation of the assets, both physical and intangible, which make up the university.

If the revenue of the university is largely determined externally, both directly by government and then through funding support and indirectly by government through policies relating to international students, for example, then ensuring sustainability often falls to the management of costs. I would say, just as an opening remark, that one of the main differences between the alternative plan and UTS's financial plan is that the path to future sustainability under the alternative plan rests on the hope that future costs will be able to be controlled and to, if you like, almost kick the can down the road a little bit. It doesn't specify, as well as the academics are who put forward that proposal—it's silent on exactly how it will achieve such low cost growth, which is in contrast to the bottom-up analysis that the university management and council have considered. On that basis, I have my concerns around that alternative proposal.

The CHAIR: I want to ask about the graduations you attended recently. Do you know what the students had been studying? What were they graduating from?

JACK STEELE: This morning's graduation ceremony was engineering and IT.

The CHAIR: Dr Laker, do you know?

JOHN LAKER: I certainly do. Engineering and IT, business and communications, and there were some health graduates as well.

The CHAIR: There must have been a tinge of sadness, then, to think about the fact that these might be the last graduates for some of those areas, given the suspension of courses in communications and health, in particular?

JOHN LAKER: I don't know the outcome of the consultation process, so I don't know whether it would have been premature to be sad. I would like to know, after these discussions are completed and final decisions are taken, what is the destiny of some of those degrees. I can't really comment yet until we've seen the consultation completed.

The CHAIR: I think there's probably quite a bit of premature sadness. I hope it's premature and I hope it isn't needing to continue in some of those faculties where those courses have been suspended, according to the correspondence I've been receiving, anyway. Professor Sinclair, on that topic, as the chair of the academic board,

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what role did you and the academic board play in suspending the 148 subjects that were announced as being suspended?

LYNN SINCLAIR: The suspension of subjects and courses is a management decision, so it's about the authority. It's about course authorisation and not accreditation. These are already accredited courses, so the decision about discontinuation or suspension at that point doesn't come to the academic board for a decision.

The CHAIR: Sorry, I don't understand that answer at all. I understand there were courses accredited very recently that have been suspended.

LYNN SINCLAIR: Yes. They were suspended for a 2026 intake so that potential future students would know that these courses may not be offered in 2026 and that it was dependent on the consultation process. But suspension of a course is a management decision within the university. It is not an academic board decision.

The CHAIR: So it's a management decision, and by that you mean the deans of faculties, or do you mean faculty boards? Who is it that's taking the decision to suspend these courses?

LYNN SINCLAIR: The decision is ultimately by the provost via the deans.

The CHAIR: Was it the provost, do you know, who sent the letters to deans telling them what needed to be suspended?

LYNN SINCLAIR: I do not know. I don't have that information.

The CHAIR: So the academic board has nothing at all to say or to do with any of the courses that are suspended.

LYNN SINCLAIR: Discontinuation, I've got no—not for a suspension, no.

The CHAIR: That sounds like a qualification when you just said not for a suspension. What do they have authority for? What are they doing?

LYNN SINCLAIR: What are we doing? For a course, if you're going to accredit a course, the first thing you need is authorisation. There's a decision—

The CHAIR: From whom?

LYNN SINCLAIR: That's a management decision through the provost, whether a course is authorised to be delivered or not.

The CHAIR: That's good, because we were asking about the role of the provost this morning.

LYNN SINCLAIR: That's a dean and provost decision. If a decision is made to run a course then we're looking at an accreditation process, which is different, and that goes from faculty boards and deans. It goes through a course accreditation committee, and that then goes to academic board and is reported to council that way.

The CHAIR: Before I get on to asking about the OSI, were any of you briefed on your appearance here today?

JACK STEELE: The answer to the question is yes, in terms of the process.

The CHAIR: Who briefed you?

JACK STEELE: The people in the room included the vice-chancellor, the chancellor, the council secretary and the director of government relations. Can I just make a comment about how that occurred?

The CHAIR: Certainly.

JACK STEELE: It was process; it was not content.

The CHAIR: That's good to know.

JACK STEELE: There was care taken to make sure that there was no suggestion that council members were being given the "here's your answer". Can I just observe, having been quite familiar with Senate estimates preparation, this was actually quite different. This was actually much more hands-off—"You are individual witnesses. You act as an individual witness."

The CHAIR: Before we get to OSI, we've been talking quite a lot about governance. That's what the inquiry is focusing on. I did ask this morning, but whose committee would be responsible for extending the term of the vice-chancellor when he had two years to go? Would the extension of the vice-chancellor have gone to a particular subcommittee of council, or was that strictly a discussion that took place between the vice-chancellor

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and the chancellor? Who amongst you would have been on a committee that might have been involved in that decision-making?

JOHN LAKER: I'm on the remuneration committee, Chair, but that was only to do with remuneration.

The CHAIR: Can I assume that none of you, as chairs of committee, were involved in those discussions? Ultimately, does it come to the board for you to vote on extending the vice-chancellor's contract for five years when he still has two years to go on his existing contract? Is that something that council voted on?

JACK STEELE: I'm trying to remember whether or not it was an actual vote. It was certainly a matter that council was aware of. Can I just observe that at least my recollection of the circumstances was council was very pleased that we had the opportunity to extend the vice-chancellor's appointment.

The Hon. ANTHONY D'ADAM: Were you worried he was going to leave?

JACK STEELE: No, but certainty, in these uncertain times for the university sector, is really more than money. I've been on council since approximately halfway through 2020. That has just been a highly turbulent period, right the way through, for many reasons beyond the control of the university, and the quality of senior management is absolutely critical in your ability to handle that. From a few decades of watching a like institution, certainty about the quality of senior management—I was really reassured that we had the benefit of the vice-chancellor continuing in the role.

The Hon. ANTHONY D'ADAM: Is there a limit on his contract term? Are you in any way constrained in terms of the length of the contract you can engage a vice-chancellor on?

JACK STEELE: That's a technical question. I don't know the answer to that question, to be honest.

The Hon. ANTHONY D'ADAM: Dr Laker, you're on the remuneration board, so you should probably know an answer to that.

JACK STEELE: Sorry, I didn't quite hear the question.

The Hon. ANTHONY D'ADAM: Dr Laker, do you know whether there's a limit on how long you can engage a vice-chancellor for?

JOHN LAKER: I think the original contract was a five-year contract. It has been extended for two years, but I'll have to take that on notice to confirm it.

The Hon. ANTHONY D'ADAM: Sorry, I interrupted your line of questioning, Chair.

The CHAIR: That's okay. We might get you to take that on notice. So it wasn't a question that was asked. Was there discussion around whether it was a five-year term, if we want certainty for five years, or is it another three years? Maybe we wait and let his term go out and serve its time. A concern for me, in a governance frame, is that by extending his term, you essentially disenfranchise the future council, don't you—the council of 2026, or whenever it was that the original term of the vice-chancellor was going to be up? You've pre-empted what a council in the future might decide, haven't you?

JACK STEELE: Can I just check the meaning of the question?

The CHAIR: Certainly.

JACK STEELE: Are you, by logic, inferring that any time-limited appointment, whether it's short or long, is precluding the flexibility of the council of the future? On the other hand, if it was an indefinite appointment—in both sets of circumstances you are dealing with what you're dealing with as a council.

The CHAIR: I just wonder if it's reasonable for you to extend in such a way, knowing that there could be other people in the chairs—and there will be in some cases. It seems like an interesting choice when you know that the university is going to embark on a big change program. When you look at who is operationalising it, it has a huge risk associated with it. I would like to know more about what questions you asked at council when you were presented with this idea. What questions were asked around it? It might be that, as you say, Dr Steele, you were very relieved. Does that mean there was unanimity from the outset—that the chancellor came in and said, "We're going to extend his term," and you all went, "Great idea"?

JACK STEELE: I will leave it to my colleagues to tell me if they disagree. I do not recall any counterview or concern being expressed by council members to me. In terms of the logic of the question, especially when there's a body of adjustment to be made, continuity is actually quite an important thing to be able to ensure that happens effectively.

The Hon. ANTHONY D'ADAM: But there's an offset on that, isn't there?

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JACK STEELE: I'll need to get you to talk a bit louder.

The Hon. ANTHONY D'ADAM: There's an offset on that because you've now got five years of contract rather than two. I'm assuming premature contract termination has a significant penalty associated with it. You've basically projected that you don't believe there's any risk of there being any failure in the senior leader of the organisation in five years. If you'd had a shorter period, then you would have an earlier opportunity to review whether that risk has actually come to fruition. Isn't that correct?

JACK STEELE: There's an evidence point here that I can contribute to. When I joined council, the vice-chancellor was the person who is now the vice-chancellor of the University of New South Wales. It was not foreseen that he was going to leave UTS and be attracted to the University of New South Wales.

The Hon. ANTHONY D'ADAM: Was he mid-contract?

JACK STEELE: That is my recollection. It illustrates the point that you're handling a circumstance where you don't have certainty necessarily, but you're hoping to have as much continuity as you can achieve, especially when you're going through changing and volatile times.

The CHAIR: But if Attila was mid-contract, then the argument that you're extending someone's contract to keep them there doesn't really hold, does it, because they can just leave anyway?

JACK STEELE: Of course they can leave anyway. It's not penal servitude.

The CHAIR: It might feel like it was today, to be fair.

The Hon. EMILY SUVAAL: Thank you all for appearing today. I have a couple of questions to you, Professor Sinclair, in relation to the Faculty of Health and some of the proposed changes. I asked the vice-chancellor who was here earlier today a similar question. Of great concern to me as a health professional are some of the proposed course cuts that are listed. I wanted to get your thoughts on the proposal to cut, given obviously your experienced background in health, which you listed at the start—and thank you for all your work across the years. But to propose to cut the entirety of the palliative care courses, in your view is that serving the community good?

LYNN SINCLAIR: I did hear that conversation earlier today, and the palliative care course is a masters course that we offer.

The Hon. EMILY SUVAAL: But there's also the graduate certificate and the graduate diploma.

LYNN SINCLAIR: Yes, it's nested within. And, yes, it's a service that is needed. We are looking at potentially alternative ways that we can serve the community who need this. I think one of the things that we've realised is while there is need for a general upskilling in palliative care knowledge and skills across many professions, including nursing, one of the things that NSW Health is interested in doing is providing education in the form of perhaps shorter courses, things like that. They're not looking to send a lot of their staff to undertake masters programs, so that's why numbers in that course have been really small and enrolments are small.

The Hon. EMILY SUVAAL: But you could do a graduate certificate.

LYNN SINCLAIR: And so it's thinking about a different way to do that. The graduate certificate numbers have been small as well, so we're currently considering if there is another form that we can deliver education that's not necessarily an award course.

The Hon. EMILY SUVAAL: I understand that the numbers may be small, and indeed when you look at the make-up of expert palliative care health professionals across the health profession, that may be a relatively small cohort. But given in particular the importance and significance of palliative care and the impact that that can have on not just an individual's life but on their entire community, surely that is something that is necessary for a community. And it's not just palliative care; there's also the Graduate Certificate in Diabetes Education and Management, one of the fastest rising chronic diseases in terms of its burden of disease on our community. Surely it is in the community's good to ensure that we have programs such as the Graduate Certificate in Diabetes Education and Management.

LYNN SINCLAIR: I agree these are important. We're looking at alternative ways that we can potentially provide that and looking at how we can support them.

The Hon. SARAH MITCHELL: Mr Howes, you raised in your opening comments—but I'd be interested in the views of others, particularly those who've been on council for a period of time—that interplay between State and Federal responsibilities. We had some evidence at the very beginning of today that the funding and a lot of the policy parameters are set at a Federal level but you operate under State Acts. I want your views on that and whether you think that's workable. Evidence this morning from one witness sort of indicated that we

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should be looking at just a Federal model. I wondered if there were any views on that. I'm happy for any or all of you to answer.

RICHARD HOWES: I raised it as one of the challenges that universities face from a governance point of view. The lines of accountability are not as clear as is the case in a for-profit company in the private sector. That's not to say, from a governance point of view, the issues are insurmountable. I think that UTS is well governed. It just puts a greater burden on the chancellor and the council to act in ways which are consistent with the university's purpose and that balance the need of all of the stakeholders and always keep front of mind the important trade-offs which exist within that. I think we do a good job of that, but it's not without its structural challenges, if you like. In some ways, these are theoretical. This process highlights that the ways in which community stakeholders and parliamentary oversight can enable itself is different to the way it works in the private sector. Certainly there are challenges, and we need to stare into those.

The Hon. SARAH MITCHELL: Did any of the other panellists have a view on how the relationship works between State and Federal responsibilities and whether it is effective?

JACK STEELE: I'm happy to make the observation that, like a number of other areas of Federation, it has elements of complexity associated with it. You see the Federal Parliament in this circumstance trying to think about how to handle matters associated with universities just as this Committee is as well. The usual structural solution, absent a change to the Constitution, is collaborative arrangements and a national agreement amongst the parties. From the perspective of the activities that the university conducts, there are issues around what courses are supported and what students are supported by Federal funds. There are also related issues in terms of research activities that universities conduct, which is the great bulk of public sector funded research activities in the country at this point in time. Just as a general observation, you can see going forward—as all of these budget areas are under stress—that from a national perspective, coordination will be absolutely crucial to get the best value for dollar.

The Hon. SARAH MITCHELL: Just to be clear, I wasn't necessarily advocating for change. I am interested that other witnesses had put that forward, and I was keen for your views. The only other question I had, if I could, Chair, was to Mr Fleming. You're the chair of the infrastructure committee.

RICHARD FLEMING: I am.

The Hon. SARAH MITCHELL: Could you tell us a little bit more about that role? We had some evidence earlier from the vice-chancellor about some of the work that was underway. I'm curious for your perspective about the role that you have as chair of that committee and what that involves.

RICHARD FLEMING: The infrastructure committee oversees the technology infrastructure of the university and the physical infrastructure of the university. We also have a role with the precincts and making sure our strategy is aligned to the precincts within New South Wales. For technology infrastructure, our role is to help set strategy and advise the council on strategy for technology; make sure that, within our capital expenditure agreements from the finance committee, we are spending that money soundly; and managing risk with technology. Similarly, for property, it is to advise council on strategy, advise council on expenditure and the way that expenditure has been made and advise council on risk associated with property.

The Hon. SARAH MITCHELL: Because there was some conjecture earlier today about some of the capital projects. From memory, the vice-chancellor said some of those decisions had been made 10 years ago and things were being implemented in terms of the physical environment of the university. Is there any comment you could make in terms of why that sort of investment is important in terms of attracting students or why you make decisions to go down the pathway of that sort of capital investment?

RICHARD FLEMING: Yes, in that sense, it's a complex job in that we're making decisions on very long-term investments in the interest of the university. There was a period of time when the council made a set of decisions to invest in physical infrastructure to attract students, and I think that has been very valuable in attracting students to UTS and creating the conditions for a place of learning and research. More recently, we've turned our attention to technology. Coming out of COVID, we were very aware, I understand from council, of the underinvestment in technology in the university—the unseen infrastructure, if you like, of the university. We've turned our attention more recently to investments in technology and the technology infrastructure of the university.

Part of that has been a catch-up and paying down technical debt. Part of that investment is a growing need for expenditure on cybersecurity, the resilience of the university and compliance processes associated with processes of policy. Part of it is that we just need to create a stronger set of standardised processes to give back time to the academics to be able to spend with students and on research. We need to be able to provide the automation and technology infrastructure for them to be able to do that. Lastly, technology is not all administrative; it's strategic. We're making a set of investments in the teaching and learning of the university.

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AI and digital are incredibly important to learning these days. Students have more and more options for where they get their education, and many of them will go online. We need to be able to prepare our students within that environment and provide options for them. We need to be able to prepare for research options that are global and that require collaboration, and we need to be able to invest in that. We're doing that in order to be a leading public institution of technology.

The Hon. SARAH MITCHELL: This probably ties in with Professor Sinclair's role as well. You mentioned the online option for students. I'm based in a regional area; we're online today. That's part of how we work now. How does your committee interact with the academic committee in terms of course offerings and online components, or is that something that's purely done through each of the faculties? What does that look like in practice?

RICHARD FLEMING: Is that for Professor Sinclair or for myself?

The Hon. SARAH MITCHELL: For either or both. I don't know if there's a segue between the two of you on this.

RICHARD FLEMING: Let me just say that we've recently gone through a discussion of what curriculum transformation looks like for the university and how we provide a really valuable course offering in a future environment with technology and AI. That was a discussion of council. That discussion now goes through the faculties into the next stage of the digital strategy for UTS, which is being prepared. Through the digital strategy, we will make a recommendation to council on the right investment in teaching, learning and research for the university. That is a collaboration between the faculties and the IT unit to develop that strategy.

The Hon. SARAH MITCHELL: Professor Sinclair, to you on that, does the academic board have a role to play in those course offerings as well? What does that look like from your perspective?

LYNN SINCLAIR: The course transformation piece is already underway. The academic board has been informed of it through the deputy vice-chancellor, Education and Students. That came from council down to the committee, and was discussed with deans and students and then at faculty level. I think there are about 32 of our courses that have already commenced that process. It's looking at a much more digitally enabled future so that we can use our offerings in very different circumstances for different cohorts and for people who live more rurally and remotely, as you've said.

The CHAIR: Who's going to be organising the content for the online courses, particularly in health, given what seems to be slated as the quite large number of redundancies in that? It's great to have digital offerings—I've been involved in getting some together myself—but you need academics behind that. Is that going to be outsourced? How are we going to make sure that content is prepared by suitably qualified academics, given the slated redundancies?

LYNN SINCLAIR: First up, it is still a proposal. We are working with those teams to look at what might be offered. If there is a decision made that a course won't be offered in the future, there would be a teach-out plan for that course that would include some academics with those skills. But if it's a course of a discipline that you're not going to offer anymore per se, then those staff would not be required.

The CHAIR: I don't quite understand, given the answer that you gave Ms Suvaal a bit earlier, which was if you don't offer the palliative care subjects, you will come up with some creative way to offer them as—I don't know; I know it was very trendy when I was there—micro-credentials, some stackable thing, or whatever the latest trend is in that space. But if you no longer have the academics because you've already made them redundant, you're not going to be able to do that, are you? So saying that to Ms Suvaal earlier was probably a little disingenuous.

LYNN SINCLAIR: No. We're actually in consultation with the teams that run both those courses at the moment to look at what the future of those courses might look like.

The CHAIR: Sorry, I don't understand what that means, given that you've said they're likely to go, and if they go, you'll think of some other creative way to deliver them. But if they're gone, the staff who deliver them are gone. I don't want to be tricky about it, but it doesn't seem coherent.

LYNN SINCLAIR: It's a proposal that they may not be offered in the future. Part of the consultation is to look at what the future of those courses might be.

The CHAIR: So you'd like the academics who are there who are potentially going to be made redundant to help you come up with ideas about how to offer the courses that they're currently teaching online without them in the future.

LYNN SINCLAIR: No.

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The CHAIR: Because that's what it sounds like it is. I'm sorry I misunderstood that. I will go to the whole of the council panel now. Have you heard of the UTS Governance Project? I will take that as a no. Have you heard of the ANU Governance Project? No?

RICHARD HOWES: I heard both of those mentioned this morning.

The CHAIR: So only in the context of today. Thank you, Mr Howes. Both of those are initiatives developed by academics and professional staff at those two universities. The ANU Governance Project, along with obviously work by the academics and the union, was key in making sure that the underperforming vice-chancellor had to leave that role. At UTS, there's a similar governance project based on that model. They've submitted to our Committee, and in due course you'll be able to read that. They have conducted surveys and found that 95 per cent of respondents—and they got hundreds of responses—in the UTS community think there are quite serious governance issues. Does that worry or concern you at all?

JACK STEELE: Clearly, if staff have the view that there are governance issues, it's important to understand what those issues that they're raising are. That's the first point. It's only when I know what they are that I can make a calculation as to whether or not I'm concerned. It's unusual, can I observe, for people to be thinking about whether or not their institution is well governed or what good governance looks like.

The CHAIR: Have you met your academics?

JACK STEELE: I have met the academics. My point is not in the circumstance of a contentious proposal or whatever, but thinking about it in the absolute—is this place set up fit for purpose in terms of its governance structure? That's not a question that comes up very often. I will make the observation that I have been quite impressed with the rigour of the governance structure that I have encountered as a council member, but I see quite a different perspective to what I believe the academics would routinely see. I've got the ability to balance that against other circumstances I've seen. Fellow council members will also be able to make a comparison to what they see in the corporate world.

The CHAIR: I appreciate that, and thank you. That is a good observation that you make. In fact, one of the big requests of the project and every academic—and there are now countless who have contacted me—is that they too would like more transparency to be able to see what you see so that they too could be assured that the decisions being made are indeed the correct decisions. I think that's probably the heart of the governance issues that they're talking about. One suggestion has been made, which I think is a very sound one, as an academic myself. What do you think of the proposition that the OSI and the alternative proposal be independently assessed? Then you could make a comparison that perhaps is less centred in one side or the other. What do we think about that proposal?

JACK STEELE: Since I'm being voluble on this Committee, I'll make the observation that it very much hangs around. What's the purpose of that independent assessment? If it's an independent assessment to determine whether or not there's a factual base for it, that's one thing. If it's to form an opinion about it, in some ways that's actually the responsibility of the council itself, and to own that opinion.

The CHAIR: Got you. We got to that this morning when the vice-chancellor said it was a judgement call. I appreciate that. But I think Mr Howes was suggesting that he had some concerns about some of the underpinning assumptions.

RICHARD HOWES: Perhaps, to elaborate on Dr Steele's point, on one hand, how reasonable are the cost escalation assumptions in the alternative plan? That is something that could survive independent review and may benefit from that. Compared to the more bottom-up analysis that management have undertaken, having access to more data and systems of the university to be able to model things from the ground up is one thing. Where it's a case of judgement, what is a reasonable amount of debt to carry into a period of uncertainty and what is the purpose of carrying that debt, and then are we willing to put credit ratings at risk, are we willing to scramble to put replacement funding in line? Bear in mind, for this bond, we don't have a choice. It has got a legal maturity date. We have to repay it. It's not a trivial matter to arrange the refinancing of \$180 million of debt. It's not \$150, as is put forward in the alternative plan.

There are some areas in that. That's something that you need to be able to put a reasoned logic to creditors around. A lot of that comes down to judgement. Then, separately, in judgement in the alternative proposal, there is the idea that we turn off a series of capital projects. Much of what we're doing—in fact, the overwhelming majority of what's happening within the infrastructure committee now—is really in the nature of non-discretionary. There are systems in place which are no longer vendor supported. There are very important systems which are not just nice to have, but rather really important matters of investment to ensure that operational risk is appropriately managed. Those are matters of judgement, though. I think that's the distinction.

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The CHAIR: I'm a bit sad that you've raised ratings right at the end because I wanted to get into that a little bit. The reason why we have ratings and why we worry about them, I understand, is because we're thinking of borrowing at scale again. Maybe I'll ask some questions on notice about that.

The Hon. EMILY SUVAAL: I have a follow-on question, Dr Steele, from something you said earlier around being pleased about the good governance that you had seen in place. Given some of my colleagues' earlier questions to witnesses around the appointment arrangements of council where, effectively, we heard council and the board appoint themselves, is it your evidence that that equates to good governance within an organisation?

JACK STEELE: The question contains a partial correct statement, I believe. Some members of council are actually appointed by the Minister, so it's a mixture of the two.

The Hon. EMILY SUVAAL: But the majority of the council is elected by themselves.

JACK STEELE: Indeed. The statement, described as boldly as that, is troubling, isn't it?

The CHAIR: Yes.

JACK STEELE: But the purpose of actually being able to have council members be appointed by council includes that you can fill out the skills matrix of the council in order to make sure you're covering the various aspects.

The Hon. EMILY SUVAAL: I suppose, but you come back to the issue of governance, though, and what is good governance, which I think was the question I asked.

JACK STEELE: Indeed, and I'm saying that you need the skills actually to have good governance, as well. I mean, would I choose to have the structure of how the university fills out its council exactly the way it is at the moment? I haven't really thought about that.

The Hon. ANTHONY D'ADAM: That's why we're here.

The Hon. EMILY SUVAAL: That's a good question.

The Hon. ANTHONY D'ADAM: This is the reason why you're here, to give us your view about how it should be.

JACK STEELE: But it is handed down to me. But what I will observe is that I have seen good governance in the way in which this council has been operating. That's the first point. The second point is, at least in part, that's because there's a skill matrix across this council that fills out the various capabilities et cetera. There are parts of the council's business where my colleagues are experts in areas where I certainly wouldn't pretend that I am. Conversely, there might be areas where I can be stronger and make a contribution.

The Hon. ANTHONY D'ADAM: Perhaps on notice Dr Steele could elaborate on how he thinks the council structure should be, if he thinks that the current model is not the ideal.

JACK STEELE: I did not say that the current model was not the ideal.

The CHAIR: I think Mr D'Adam has asked you to take that question on notice.

The Hon. SARAH MITCHELL: Point of order: Mr D'Adam is asking for an opinion. I think Dr Steele has answered that question. I'm not sure what's being taken on notice. You're asking for his opinion about a hypothetical. I think we're probably getting a bit out of order.

The Hon. ANTHONY D'ADAM: To the point of order: The point of this inquiry is to come up with recommendations around appropriate governance structures for universities. Now, Mr Steele is clearly someone who has a lot of experience. He has an inside view of the operation of the governance that currently stands. Obviously, there's opportunities to learn from his experience. He may have suggestions in terms of a better model of governance that I think we would benefit from if he was happy to provide that on notice.

The CHAIR: There is no point of order. I think that Dr Steele has demonstrated today that he is more than equipped to be able to answer the question that Mr D'Adam has put to him. With that, unfortunately, I thank you for your generosity in going over time. I appreciate that, and your willingness to be here today. Thank you all very much.

(The witnesses withdrew.)

(Short adjournment)

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Ms NEEVE NAGLE, Welfare Officer, UTS Students' Association, affirmed and examined

Ms MIA CAMPBELL, President, UTS Students' Association, affirmed and examined

Ms SALMA ELMUBASHER, Ethnocultural Officer, UTS Students' Association, sworn and examined

The CHAIR: Welcome to you all. Thank you for coming along to the last session of our first day of hearings into the university sector in New South Wales.

NEEVE NAGLE: Chair, just as a conflict of interest, I am also a staffer to the Hon. Emily Suvaal.

The CHAIR: Would any of you like to make a short opening statement?

MIA CAMPBELL: Yes. Good afternoon. Thank you for the opportunity to speak. My name is Mia Campbell, and I've served as president of the UTS Students' Association since December 2023. The UTSSA is a student union that represents the more than 48,000 students at UTS. I appear today alongside my colleagues Neeve Nagle, the 2025 welfare officer and incoming president for 2026, and Salma Elmubasher, the 2025 ethnocultural officer and incoming general secretary.

During our roles, we've worked extensively within university governance structures at UTS to represent and advocate for students in areas such as governance accountability, gender-based violence response, student welfare, housing, racism and education. Throughout this work, we've seen firsthand the gaps in accountability, transparency or genuine student partnerships that shape decisions affecting students' education and wellbeing. Our experience is that students often have little opportunity to meaningfully contribute or be consulted in decisions that directly affect their learning and that university leadership has drifted far from transparency, accountability and its public mission.

At UTS, I've seen meeting minutes amended so UTS Council members aren't aware of certain discussions, and committees denied access to external review findings they're meant to decide on. These same governance failures are evident in how UTS manages the student services and amenities fee. Despite clear legislative obligations for student consultation, transparent decision-making and accountable oversight, these requirements are routinely sidestepped. Over the past few years, university leadership has progressively redirected SSAF to cover operational costs without explanation or contestable processes. The result is reduced accountability, weakened student trust, and the loss of an environment that supports innovation, collaboration and wellbeing.

In the handling of gender-based violence, the situation is similarly concerning. Four consultant-led reviews in three years have produced almost no meaningful improvement for students at UTS, who repeatedly report being retraumatised or discouraged from coming forward, only receiving support when issues hit the media. Similar issues are present when BIPOC students report racism, discrimination or misconduct—complaints vanish into closed processes with no reasons or accountability. A university cannot claim to advance public discourse or inclusion while racial harm and student trauma are handled in silence to protect reputation.

The recent Operational Sustainability Initiative exposed once again how student interests are sidelined to the financial interests of university leadership. There is no formal consultation process for students as the course cuts were described as a "staffing matter", and the change proposal wasn't even sent to the UTS Students' Association, the students on academic board or even the students on UTS Council. The result of OSI is a 31 per cent reduction in subjects—a major contraction of educational quality, framed disingenuously as "streamlining". UTS's reliance on external consultants within both the OSI process and in their response processes to gender-based violence reports rarely bring expertise in education or a broader understanding of student and staff experience. By outsourcing these assessments, management both distances itself from accountability and allows for an illusion that they are acting without bias.

But, as one of my tutors recently said, how likely are the Big Four consultancy firms to flag themselves as a cost inefficiency or to critique the performance of their customers—i.e. the management teams that employ them? Ultimately, students are not passive consumers of education. We pay for, contribute to and uphold the public mission of our universities. We deserve genuine consultation, transparency and respect—not tokenistic engagement after decisions are already made. Thank you for the opportunity to appear on behalf of the UTS Students' Association today and before this inquiry. I welcome your questions.

The CHAIR: You've covered quite a lot in that statement. You have given us quite a lot of information there about the OSI. You've already detailed that, through all of the forums that you mentioned—through your association, through the student reps on council and other forums—you weren't given information. We asked the vice-chancellor at budget estimates this year, a couple of months ago, about how UTS has engaged with students and communicated with students about the OSI and the associated course suspension process. I don't know if

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you've had a look at the answers. I think there are lists of meetings and other things. I just wanted you maybe to talk a bit about your experiences, which I think may be counter to the indication of regular meetings. But I'll pass over to you to confirm.

MIA CAMPBELL: Our correspondence with the university, in terms of being consulted about the Operational Sustainability Initiative, is that when the course suspensions were announced—and that came through the media first—we then had a meeting with Deputy Vice-Chancellor Kylie Readman in the following days. That was myself, I think the student reps on council and the president of Activate UTS as well. That meeting happened after the fact and was basically described as an opportunity for us to ask questions to the deputy vice-chancellor. However, of course, we were asking questions based on what the media had released and a short email that was provided to all students.

Then we also had another meeting once the actual academic change proposal came out. However, of course, the other students on the panel didn't actually have the academic change proposal in front of them. We only received that because of staff contacts that provided that information to us. We were expected to ask questions to the deputy vice-chancellor on information we weren't really supposed to have seen already. It did feel a bit pathologising. The types of questions and the types of answers we were getting were more reassurances that everything would be okay, rather than any firm information or clarity over how this would affect students continuing their studies.

The CHAIR: "Don't you worry your little heads about it. We've got this."

MIA CAMPBELL: That's right, yes.

The CHAIR: Has the vice-chancellor interacted with students at all about this huge change that's going to cut a third of courses?

MIA CAMPBELL: I've only had one meeting with the vice-chancellor in my two years as president, and that was before most of the information about the change proposal had been released. The other times I've seen the vice-chancellor were at the academic board. In every academic board meeting, the vice-chancellor has a report. Usually there's about one question allowed after the report in the committee of about 60 people.

The CHAIR: One question from everyone, not one question from you.

MIA CAMPBELL: Yes, one question from everyone. Sometimes it has been three or four. It's dependent on time. But it's a very limited discussion. The one interaction I've seen that stood out to me was that, when a student asked during an academic board meeting about the process and number of staff that had been let go before the actual implementation of the Operational Sustainability Initiative, the vice-chancellor effectively interrupted and shut him down in front of staff, creating a culture where critical discussions and questions are discouraged. The student felt completely embarrassed and like he had been yelled at by the vice-chancellor in front of the committee.

The CHAIR: Are students concerned about the OSI? Obviously there's a very engaged group of students in front of us and a very engaged group on those types of committees. What general feedback are you getting from students?

MIA CAMPBELL: The feedback that we're getting from students is particularly centred around the fact that about a third of subjects are going to be cut. I think the number is about 31 per cent. And over a thousand subjects are planning to be cut. There are other parts in the academic change proposal that talk about things like potential larger class sizes, reduced feedback and diminished support by tutors. We can see that this is going to disproportionately affect students with language or accessibility needs and also all students who value the education and the opportunity to have face-to-face dialogue with their tutors. I think students are, broadly, extremely concerned about the effect of the subject cuts in particular, but then also the flow-on effect if you were planning to do an honours or a master's degree at UTS as well. I think students are anticipating and also feeling within the classroom that their tutors are already quite demoralised by the entire thing.

The CHAIR: I'm sure that's the case. You mentioned, for consultant report reviews in three years, sexual harassment and UTS and the campus response. I know that's not directly the issue, but I am interested in the governance aspect. We've had four reviews in three years. Has that resulted in a good outcome for students?

MIA CAMPBELL: No, it has been a completely poor outcome. I think that repeatedly describing the exact same problems to university management has been exhausting and retraumatising for both myself and a number of other students who have been involved in those review processes. It's really upsetting that, despite continuous expert recommendations for trauma-informed processes, single points of contact, strict time frames and procedural fairness, we're still at the point now where students are suffering from the system that UTS has in place. Of course that's now the subject of the National Student Ombudsman investigating UTS. I'm sure they'll

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have thoughts on that as well. But, from the student side of things, I think that the governance failure there has been possibly one of the most significant—beyond, obviously, the Operational Sustainability Initiative—in terms of a material student failure by UTS over the last few years.

The CHAIR: Ms Nagle, as the welfare officer—I know you're going into a different role, but what has been your experience with other students and concerns about this or other issues which speak to the whole governance area that we've been talking about?

NEEVE NAGLE: We've had a couple, specifically on the cuts—on the Operational Sustainability Initiative, but "cuts" is how students refer to it. I was very lucky that I was able to be a part of some of the cuts feedback sessions with students, where they would come and approach us. It's very much been us having to lead the charge with that, and students have been completely in the dark.

The CHAIR: Sorry, when you say "feedback sessions", you mean your organisation has led feedback sessions? It wasn't the university seeking feedback?

NEEVE NAGLE: Yes. It was not the university. The UTSSA set up in high-visibility areas of UTS with a big sign that says "Worried about the cuts? Come and talk to us".

The CHAIR: Right.

NEEVE NAGLE: It was to basically collect feedback in order to table a large response of student feedback, because it's currently just a one-email way that you can put your feedback in. That has now closed, as well. Students didn't actually know about that email, either, which was a bit concerning, and they're completely in the dark about everything that's going on. They have absolutely no idea of what's happening. There's been no open feedback for regular students. I think we're very lucky and quite privileged as student leaders that we obviously get to have these dialogues with senior university management, where we can ask questions that even relate directly to our degrees. But your regular student that doesn't serve on a board like we do does not get that privilege, and so you have students worried that their degrees aren't going to be accredited. You have students that aren't sure if they're going to be able to graduate or if the subjects that they've taken actually count towards their degree anymore. Questions that could be cleared up very quickly are not being answered. Governance is failing students at the moment at this university just on the Operational Sustainability Initiative alone, let alone based on gender-based violence and other issues around this university.

The CHAIR: Thank you. Before I go to Ms Elmubasher for her response, you mentioned that you do get the opportunity to meet with senior management. Are those positive experiences? You mentioned one young man who tried to ask a question and it wasn't such a great experience. What's it been like for you as student representatives when you engage, I'm guessing, one-on-one or two-on-one or in smaller meetings with senior managers? Can you give us a flavour of that?

MIA CAMPBELL: Yes, I can. I thought about this quite extensively. There are times where we get to interact with university management in a broader setting. For example, I note that earlier witnesses mentioned the Student/Council Liaison Group, which I also have a lot of thoughts on. In my one-on-one or smaller meetings with management, I would describe the working environment as occasionally extremely challenging. It's different depending on who in the university leadership team you're meeting with, as it would be in any workplace, but I've had some really difficult meetings.

As I mentioned, the one time that I met with the vice-chancellor—the one time in two years of being president—I found him patronising and dismissive of issues I raised that were serious, time-sensitive and devastating. I received no follow-up for over a month after I raised those issues with him. I had to follow up twice. I got a response six weeks after my meeting, and that was about issues related to gender-based violence response at UTS. When I got that response, the written response was very vague and PR-like, and it didn't show any accountability or a sense of the urgency that I'd conveyed. I think this reflects a systemic culture where student voice is procedural and not substantive.

On another instance, I was meeting with a member of senior management to discuss how to meaningfully involve more students in consultation for the national code, and during that meeting she disclosed private information about a student's sexual violence report to me. When I raised concerns about the ways she was responding, which I felt reflected the university's generally defensive and dismissive approach to these issues, she responded by disclosing her own history of sexual violence in a way that felt directed at me personally. Both of these experiences illustrate a broader pattern. The working environment for student representatives is highly stressful and management often responds defensively, dismissively or inappropriately rather than collaboratively, which undermines trust and effective advocacy for students.

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The CHAIR: Thank you. Ms Elmubasher, have you got some reflections on what has been conveyed to you from students?

SALMA ELMUBASHER: Yes, I do. As the ethno-cultural officer, I represent BIPOC students at UTS. This year is my second term. I would like to say that UTS handles the safety of BIPOC students extremely poorly. It is not accessible. Accessibility is not limited to disability and financial support; it also includes the right to study free from racial discrimination, stereotyping, harassment and institutional hostility. BIPOC students at UTS consistently report to me racialised harassment on campus; staff profiling; stereotyping and dismissing of complaints; fear of retaliation for speaking out; slow, opaque complaint processes where outcomes are unclear; and emotional exhaustion and academic disadvantage caused by these hostile environments. Many students avoid reporting racism because they believe nothing will happen or that, worse, raising concerns will put them at risk. An institution cannot claim to be accessible while its reporting systems are unusable, unsafe or untrusted by the students who need protection.

UTS publicly describes itself as diverse, progressive and community minded, yet there is no transparency around leadership demographics either—no mandated cultural safety policies, no independent complaint pathways and little accountability when racialised students are harmed. Diversity becomes something used for recruitment campaigns, not something reflected in governance or decision-making. The public does not benefit from universities that manage racism as a communication issue rather than a human rights issue. I'd like to also note that UTS's response to a lot of these issues that I bring forward in my one-to-one or two-to-one meetings with management is extremely reactive and not at all proactive.

The Hon. ANTHONY D'ADAM: I want to ask about your general view of the university's attitude to the student body as stakeholders in the university. It's an open-ended question, but I get the sense that students come a long way down the priority list in terms of the thinking and consideration of the university leadership.

NEEVE NAGLE: I think that's probably a very appropriate way to describe it. We're very low on the priority list. I think, looking at the Operational Sustainability Initiative alone, you can see that we weren't even consulted. As Mia said, we had to find things through staff. Even myself—this year I've been working a lot around student housing and around free food services on our campus. That has been increasingly annoying, as management says they weren't aware that students were experiencing food insecurity, or they weren't aware that students were finding student housing to be increasingly dangerous or expensive.

Those were issues that were raised in the student council liaison group when myself and Mia tabled a paper there about those two issues, sparked by—for the free food paper—university management being annoyed that students were lining up in the foyer of the university's building one, the tower block, because it was visible that students were struggling with food insecurity. There have been a lot of instances where students are very low on the priority list of what the university actually cares about—their needs, their housing insecurity, their food insecurity, their academic goals, everything.

The Hon. ANTHONY D'ADAM: Can you talk to what changes you think need to be made in terms of the governance arrangements of the university to give greater strength to student voice?

MIA CAMPBELL: Yes, I absolutely can. I think that one of the key things that we've brought up a number of times, when it comes to student engagement on different boards and committees, is the different types of expectations that are placed on student representatives versus other staff representatives, but also the almost-on-purpose lack of training and uplifting of student representatives that means that, a lot of the time, they are offering token feedback that isn't as useful as it could be. It's almost like there is this resistance when a student actually does want to bring forward something comprehensive or something of a higher nature because "No, you're supposed to just kind of sit here so that we can say we consult with students. You're not really actually supposed to have ideas of your own or problems with anything that we do."

I think one of the key things—and something that I've raised in the specific area of SSAF governance—is that we need to actually have voting requirements on these boards and committees, and meeting minutes can't be amended after the fact to suit what people in university management actually want to say happened in the meeting. I've had numerous times where dissent that I've had during the meeting is just kind of noted as a comment or something, and it's not actually recorded in the minutes. Then the minutes will record, "Oh, it was made by consensus. Yes, everyone agreed with that." When I've looked back at it, I've said things like, "No, I absolutely don't agree with what we did there." If we had gone to a vote, I would have voted it down.

There needs to be both a better training mechanism for these student representatives so that they understand how the governance of these committees works, because I have not ever been to a committee meeting at UTS where it's actually gone to a vote—like where there's been a show of hands or anything like that—and I sit on 10 different boards and committees within my role. Having a bit more of a robust voting requirement would

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be a huge benefit. I also think having allocated student representative roles that mean that students actually hold more of a weight by numbers on the committees—for example, in SSAF governance right now, they've just changed the system after a lot of pushback. But, even in this changed system, there'll still be a staff majority on a panel that actually requires, through the SSAF legislation, to have consultation with students.

What that means is that every student on that panel—yes, they could be consulted and they could say that they fundamentally disagree. But, ultimately, staff always have the final word, even on student funds. I think that, while it's not appropriate for every single committee—and I understand the value in having discussion—there needs to stop being this approach of having students on committees that are just there to offer maybe one piece or maybe offer a thumbs up, because the response I usually get when I'm disagreeing on these committees is one of almost annoyance or frustration that I've decided to say anything. Then there is often a "Well, thank you for that feedback", but then it's not reflected in any further decisions and it's not even reflected in the minutes. It's not even recorded half the time.

The CHAIR: Before I pass over to my colleague, I will just note that I asked for my dissenting view to be recorded as a vote against when I was on council, and I was told there were no votes on council so it wouldn't be recorded as such. Just a little reflection there—you just triggered that memory in me that I had completely forgotten about, actually. Mrs Mitchell?

The Hon. SARAH MITCHELL: Ms Campbell, I want to just pick up with you. You talked a little bit about it then and you mentioned in your opening remarks as well—about the SSAF. That's the student amenities fees. You kind of touched on it then too, but you were saying that sometimes decisions are made about where that money goes—not necessarily to the benefit of students and more for operational costs. Can you talk to that a little bit more for us and what you've seen in terms of how that's managed from a governance perspective?

MIA CAMPBELL: Absolutely. I will note that they've tried to change the terms of reference of this particular committee as recent as last week. I am hopeful that it will get better, even though there are still parts of those amended terms of reference that I have problems with. Also, the broader culture doesn't give me much hope that the different lack of transparency problems will be adequately addressed even with a change in committee make-up. One of the problems that jumps to mind for me is that—obviously, when we put forward a proposal for any SSAF funding, it's gone through our student representative council, which has 25 elected members on it. All of those things that we put forward have already been heavily consulted on with students before they even reach the point of being in a SSAF committee. Whereas for the university, they take the fact that there are students on the SSAF committee as sufficient consultation, even though, by the time it's coming to the committee, it's essentially going to be agreed upon because we don't go to a vote and everything that gets put there just gets kind of instantly approved.

For example, earlier this year I questioned the fact that a contested staff appointment was being made that was apparently using SSAF funds. I said, "I don't remember approving this ever at a committee." What I was told basically was that "No, we actually did approve this a year ago in this committee", and it was under this one line item that was about a sentence long. That was the justification for the university spending \$1.6 million. They hid this staff appointment that would never have been accepted by student representatives within a line item that was \$1.6 million just for generally student welfare.

I think that's crazy, because our total operating budget for a year is about \$1.25 million. The amount of auditing and scrutiny that goes into that—rightfully so—is just so out of proportion with how the university manages their own funds. To be able to put forward a \$1.6 million line item, which I note could not have been for that staff role because the staff role only came up a year later due to issues that had happened during that year, it wasn't needed a year before when it was allegedly approved. This kind of rewriting of history of meetings and approval of funding for roles that aren't even needed until a year after felt very reflective of the type of transparency that the university does for its own funds and how much effort they're willing to put into funding allocations in SSAF versus how much we are.

The Hon. SARAH MITCHELL: Are there any examples of things on the flipside of that where the student body had things you wanted to do that you haven't been able to do through that SSAF committee, or does it get ticked off if you put proposals forward as well? What does that process look like?

MIA CAMPBELL: At the moment, we're on a three-year funding agreement with the university where we get \$1.25 million per year. We spend at least \$200,000 more than that, so we're dipping into our reserves every year, which is a bit contested. Ideally, it's the type of thing that changes next year. That's the kind of vague commitment that the university has given to us but, at the moment—I can't think of anything in the last year that would have been explicitly denied by the university, but that's because we're already operating within the constraints of a \$1.25 million budget that was put up two years ago when I wasn't the president.

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The Hon. SARAH MITCHELL: Ms Nagle, you talked a bit before about—I don't want to put words in your mouth—pop-up stalls where people could come and talk about some of the changes and you said a lot of students didn't even know. You did touch on it, but I guess just a little bit more in terms of how do you think that could have been better communicated to students? What do you think the university should have been doing to let them know about the changes rather than it all falling on you as the representative body?

NEEVE NAGLE: That's a very good question. It's something I think we've discussed extensively about what should be done. I think the issues we've raised have been how it's been communicated, which has mostly been through emails. It's a conversation I had with Mia earlier. All the emails also tend to look like standard UTS communications that most students don't read. I think most students I spoke to wanted an opportunity to directly speak to university management themselves in almost like an open town hall setting where things could be genuinely asked, or even just a place they could go to in UTS student services where there was a person who could offer a concrete answer specifically for them—that wasn't just a vague assurance of "Your university degree will still be a university degree", or, "We will make sure that you graduate at some point, and that is contingent on you studying full-time in the existing course pattern that we have for you and you can't deviate from that; otherwise, your degree will not be offered and you'll have to do external credit transfers from the university."

There needs to be somewhere students can go where someone can give them personalised answers to their degree and their circumstances that is not a form on the end of an email that university management said they would answer the questions that were asked most frequently and that they thought might be of interest to the university body, which is just simply not good enough because I'm sure there are some questions they wouldn't want to answer from the university body and that they might never have to, given they're at the end of a form. So they just need to have genuine conversations for students about what's happening and I think that would help to alleviate a lot of the concerns.

The Hon. RACHEL MERTON: Thank you to the three of you for your time and sharing with us. There are just a couple of things I could pick up on, such as the compulsory fee for non-academic services for students—what do we call it, the SSAF?

MIA CAMPBELL: Yes, SSAF.

The Hon. RACHEL MERTON: In terms of high level, what would be the bigger breakdown as to how the students' association would spend that allocated budget on non-academic services? What does that mean to the student, given the compulsory fee?

MIA CAMPBELL: The way it's broken down is that UTS allocates about 50 per cent of the SSAF to itself. The other 50 per cent goes 40 per cent to ActivateUTS, and then the 10 per cent goes to the students' association. ActivateUTS runs our clubs and societies but also sporting, and the students' association runs things like campaigns, and then we also have a caseworker service. When students are accused of things like academic misconduct, there are caseworkers that they can go to within the students' association who can support them through the process with the university. Within our allocated 10 per cent of the student services and amenities fee, we've got—I'm not sure how much detail you want, but I can give you a run-down, roughly, of what that looks like.

The Hon. RACHEL MERTON: You've given me a good mix for that. In terms of campaigns, what would be an example of a campaign that you would run using the mandatory fee from students?

MIA CAMPBELL: For example, we've been running a Stop The Cuts campaign. Alongside other student representatives from across the university, we've been running a campaign basically raising awareness about the Operational Sustainability Initiative. The types of things that have gone into that are both things that don't cost much money—obviously a lot of that campaign has been about engaging with the media, putting in our own submissions and writing to the university and trying to meet with them—and then other parts that have cost money are things like running the fair day that we ran a couple of weeks ago, where we had a barbeque on campus, where students could basically come and talk to our representatives about what the Operational Sustainability Initiative was. We had a speak-out at that rally as well.

The Hon. RACHEL MERTON: Thank you. Mia, I think this might have been at the opening—you were telling us about the concerns about the student experience, and you spoke about racial harm and student trauma. It is concerning to hear this. I'm just wondering, does the student association play a role here in terms of student welfare, counselling or educating?

MIA CAMPBELL: In terms of anti-racism, absolutely. I think that UTS probably has a bigger role to play in terms of ensuring that students feel safe on campus and safe from racial discrimination on campus. For example, when we addressed the inquiry earlier in the year about anti-racism, the things that we suggested were things like support services—so UTS Counselling to provide counselling for trauma that's caused by forms of

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racism—but also being able to encourage inter-faith dialogue within classes, student clubs and university events that actually foster empathy and understanding, and making sure that tutors are actually enabled and supported to be able to have difficult conversations within their classrooms, as opposed to shutting down those types of dialogues. We also talked about creating forums that are led not just by the students' association but more with staff involvement, to be able to discuss challenging global issues without fear of censorship or reprisal. We really are of the view that the safety—and safety from racial discrimination—can come from being heard, rather than suppressing difficult conversations.

The Hon. RACHEL MERTON: Is the student association doing anything in that space?

MIA CAMPBELL: In the racial discrimination space?

The Hon. RACHEL MERTON: In terms of what you were mentioning there, about some of your recommendations about counselling and support services, I am just wondering what you might be doing in that space.

MIA CAMPBELL: Absolutely. UTS Counselling sits under the student services unit. We aren't involved in that type of thing. The types of things that we have been involved in are running forums, where students and staff can come together and talk about different issues that are related to racial discrimination, and supporting NTEU campaigns as well when they've been discussing things like that. We've put in numerous papers as well to different boards and committees that have sometimes had that type of lens of racial discrimination and reports like that as well. But Salma is much more qualified to speak to it than I am—if you want to add anything.

SALMA ELMUBASHER: Within my role, I've worked quite closely with the Centre for Social Justice and Inclusion at UTS and lobbied quite hard to have mandatory training for staff and students on racism and the effects of racism. I go to a lot of forums. I talk to a lot of students. During elections, obviously you're speaking to a lot of students that you haven't spoken to before. When a Muslim or a Palestinian or a person of colour feels like they're being heard by another person of colour and elects that student to represent them, I take it very seriously. Obviously, this is my second term, so students have placed their trust in me. I'm driven to deliver on that.

The Hon. RACHEL MERTON: I have one last question. I'm happy to have feedback from anyone on this. We've touched on it a little bit. This is about courses for 2026 being suspended. As a Committee member, I've had feedback from students about what that means to a student in terms of the disappointment and uncertainty. They were very prepared and excited to be undertaking a course of study that's no longer available. What do we know from the student experience? What does this mean?

MIA CAMPBELL: I'm happy to speak to that. One of the reasons that I chose to study law at UTS is because law at UTS has a much stronger social justice focus than a lot of other comparable law degrees around the country. That was what drew me in. I think it's one of the best parts and most inspiring parts of the Faculty of Law. To me, seeing the list of subjects that are being cut, but also the planned merger that UTS has proposed between the Faculty of Law, the faculty of business and the TD School, is really disappointing. Merging the faculty of business with the Faculty of Law is going to fundamentally undermine that type of social justice strategy and focus that the Faculty of Law has had as a distinguishing element.

I also think that the types of courses and subjects that they've been cutting in the Faculty of Law, in particular, are electives that I was planning to do. That affects me more on a personal level. They're also electives that have a strong social justice focus. For example, Australian Civil Liberties Law is being cut. Environmental Law is being cut. Disability and the Law is being cut. Islamic Law is being cut. There are a whole bunch of different subjects that seem to have more of a social focus that are being cut, and that are electives that are part of that distinguishing and distinctive identity of the Faculty of Law. That's just my perspective as a law student. I'm sure there are these exact same kinds of concerns across every faculty in terms of the specific subjects that are being cut and how that affects people's planning. It is really disappointing to see just how many subjects are being cut. That's going to affect everyone.

The Hon. RACHEL MERTON: Would you say the communication has been adequate for prospective students in terms of looking at academic choices as to what this might mean?

NEEVE NAGLE: This is a personal anecdote, I should say, but I occasionally get to chat to some high-schoolers. They love flooding the UTS Library and things like that. There is so much confusion. Enrolling in a university is already a very difficult process. It's very confusing. You're not quite sure what you're doing. Take, for example, the Bachelor of Communication and whatever major you pick to do there and the Bachelor of International Studies. There has been a lot of miscommunication, from the conversations I've had with high-schoolers, that the Bachelor of Communication is being cut, because it is being listed. It is, in fact, the Bachelor of International Studies that is done as a dual degree.

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Students are confused. They're not entirely sure—if something has been temporarily suspended, does that mean they can never do it? If I enrol in it at a later point, what do I do then? Am I pushing my degree out for another two years when I'm trying to leave school? There are students whose dream courses at UTS have been science and physics. That is no longer offered. There has been a complete lack of communication with them about what that looks like, in an already confusing atmosphere that is nothing like the HSC system that they've just come from—which is already pretty scary, concerning and difficult for people to go through.

The CHAIR: We've come to the end of our time. I wanted to thank you for being here today, for providing the insights you have and for the work that you do on campus to make the experience better for students. We appreciate that. I don't know if you took anything on notice. If you didn't, we may still send you some supplementary questions. The secretariat will be in touch about that. That concludes our hearing for the day.

(The witnesses withdrew.)

The Committee adjourned at 17:30.